

McCANN, GARLAND, RIDALL & BURKE

ATTORNEYS AT LAW
SUITE 4000

309 SMITHFIELD STREET

PITTSBURGH, PENNSYLVANIA 15222

AREA CODE 412

TELEPHONE 566-1818

May 19, 1988

1 5644

RECORDATION NO. _____ FILE 1988

JOHN A. McCANN
1891-1972

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MAY 19 1988-3 15 PM

INTERSTATE COMMERCE COMMISSION

8-140A089

No.

Date MAY 19 1988

Fee \$ 52.00

ICC Washington, D.C.

Secretary
Interstate Commerce Commission
Washington, D.C.

Dear Madam:

Enclosed for recordation pursuant to the provisions of Section §11303(a) of Title 49 of the United States Code and the rules and regulations thereunder are three (3) executed copies of a Security Agreement dated as of May 19, 1988.

A general description of the railroad equipment covered by by the enclosed document is:

<u>DESIGNATION</u>	<u>DESCRIPTION</u>	<u>QUANTITY</u>	<u>CAR NUMBERS</u>
HT	100 ton, 3418 cubic foot, triple pocket, open top hopper cars. Remanufactured (Rule 88) by Bethlehem Steel Freight Car Division, 1988	260	TWRY 5000-5114 (inclusive) TWRY 10,000 TWRY 10,004 - 10,077 (inclusive) CN 328501 - 328520 (inclusive) TWRY 10001 - 10003 (inclusive) TWRY 10078 - 10124 (inclusive)

The names and addresses of the parties to the enclosed document are:

Security Agreement dated as of May 19, 1988.

DEBTOR: Helm Financial Corporation
One Embarcadero Center
Suite 3320
San Francisco, CA 94111

SECURED PARTY: Westinghouse Credit Corporation
One Oxford Centre
Pittsburgh, PA 15222


A fee of \$ 13- is enclosed. Please return the originals and any copies not needed by the Commission for recordation to me.

A short summary of the document to appear in the Index follows:

Security Agreement between Helm Financial Corporation, debtor, One Embarcadero Center, Suite 3320, San Francisco, CA 94111 and Westinghouse Credit Corporation, secured party, One Oxford Centre, Pittsburgh, PA 15222, dated May 19, 1988, and covering 260 remanufactured railroad cars, numbered TWRY 5000-5114 (inclusive) and TWRY 10,000 and TWRY 10,004 - 10,077 (inclusive) CN 328501 - 328520 (inclusive) TWRY 10001 - 10003 (inclusive) TWRY 10078 - 10124 (inclusive).

You are hereby authorized to deliver any executed copies of the Security Agreement not needed by the Commission, with filing data noted thereon, following recordation, to the representative of Messrs. Sidley & Austin, who is delivering this letter and said enclosures to you.

MCCANN, GARLAND, RIDALL & BURKE

By 

Enclosure

10LT9/1

Interstate Commerce Commission
Washington, D.C. 20423

5/19/88

OFFICE OF THE SECRETARY

x Edward C. Wachter Jr.
McCann Garland Ridall & Burke
Suite 4000
309 Smithfield Street
Pittsburgh, PA. 15222

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 5/19/88 at 3:15pm, and assigned recordation number(s). 15644, 15644-A, 15644-B & 15644-C

Sincerely yours,

Nesta L. McGee

Secretary

Enclosure(s)

SECURITY AGREEMENT

1 5644
RECORDATION NO. 5644
FILE 148

MAY 19 1988-3 15 PM.

THIS SECURITY AGREEMENT dated as of May 19, 1988 (the "Security Agreement") is between HELM FINANCIAL CORPORATION, a California corporation (the "Debtor") and WESTINGHOUSE CREDIT CORPORATION, a Delaware Corporation (the "Secured Party").

RECITALS:

A. Pursuant to the terms of a Note of even date (the "Note") from Debtor to Secured Party and a Collateral Assignment of Leases (the "Collateral Assignment of Leases") dated the date hereof between the Debtor and the Secured Party and this Security Agreement, Secured Party hereby agrees to lend to Debtor and Debtor agrees to repay to Secured Party the Note and all principal thereof and interest thereon and all additional amounts and other sums at any time due and owing from or required to be paid by Debtor under the terms of the Note and this Security Agreement, or any other agreements (the "Other Agreements") between Debtor and Secured Party whether now existing or hereinafter entered into which relate to the Equipment, as hereinafter defined, (collectively hereinafter sometimes referred to as "indebtedness hereby secured").

Section 1. GRANT OF SECURITY

The Debtor in consideration of the premises and of the sum of Ten Dollars received by the Debtor from the Secured Party and other good and valuable consideration, receipt and sufficiency whereof is hereby acknowledged, and in order to secure the payment of the principal of and interest on the Note according to its tenor and effect, and to secure the payment of all other indebtedness hereby secured and the performance and observance of all covenants and conditions in the Note, and in this Security Agreement and in the Other Agreements, does hereby convey, warrant, mortgage, pledge, assign and grant the Secured Party, its successors and assigns, a security interest in all and singular of the Debtor's rights, title and interest in and to the properties, rights, interest and privileges described in Sections 1.1 through 1.4 hereof (all of which properties hereby mortgaged, assigned and pledged or intended so to be are hereinafter collectively referred to as the "Collateral").

1.1. Equipment Collateral. Collateral includes the railroad equipment described in Schedule A attached hereto, (the "Equipment"), together with all accessories, equipment, parts and appurtenances appertaining or attached to any of the Equipment, whether now owned or hereafter acquired, and all substitutions, renewals or replacements of and additions, improvements, accretions and accumulations to any and all of said Equipment together with all the rents, issues, income, profits, proceeds and avails therefrom.

1.2. Lease Collateral. Collateral also includes all right, title, interest, claims and demands of the Debtor in, to and under the certain Lease Agreements (hereinafter referred to as the "Lease Agreements") one dated as of January 28, 1982

between CIS Equipment Leasing Corporation ("CIS") as Manager and Tradewater Railway Company as Lessee, as assigned by CIS to Debtor on March 1, 1985, attached hereto as Exhibit A hereto, and another being in the form of letters to and from the Canadian National Railway and Helm Financial Corporation, attached hereto collectively as Exhibit B hereto, ("Canadian Lease") together with any leases executed between Debtor and the Canadian National Railway, to the full extent that the Lease Agreements relates or are applicable to the Equipment, (all the lessees under the Lease Agreements hereinafter referred to as the "Lessees"), including any and all amendments thereto whether now existing or hereafter entered into, including all extensions of the term of the Lease Agreements together with all rights, powers, privileges, options and other benefits of the Debtor under the Lease Agreements, including, without limitation:

(1) The immediate and continuing right to receive and collect all rentals, insurance proceeds, condemnation awards and other payments, tenders and security now or hereafter payable or receivable by the Debtor under the Lease Agreements or pursuant thereto;

(2) The right to make all waivers and agreements and to give and receive duplicate copies of all notice and other instruments or communications under the Lease Agreements; and

(3) The right to take such action upon the occurrence of an Event of Default under said Lease Agreements or an event which with the lapse of time or giving of notice or both would constitute an Event of Default under said Lease Agreement, including the commencement, conduct and consummation of legal, administrative or other proceedings, as shall be permitted by said Lease Agreements or by law, and to do any and all other things whatsoever which the Debtor or any lessor is or may be entitled to do under said Lease Agreements, it being the intent and purpose hereof that the assignment and transfer to the Secured Party of said rights, powers, privileges, options and other benefits shall be effective and operative immediately and shall continue in full force and effect, and the Secured Party shall have the right to collect and receive said revenue, insurance proceeds, condemnation awards and other payments with respect to the Equipment for application in accordance with Section 4 hereof at all times during the period from and after the date of this Security Agreement until the indebtedness hereby secured has been fully paid and discharged.

1.3 Purchase Order Collateral. Collateral also includes all of the Debtor's right, title and interest in, to and under the Purchase Order dated December 1, 1987 from Debtor to Bethlehem Steel Company ("Bethlehem") and Bethlehem's letter to Debtor dated March 22, 1988.

1.4 RMI Agreement Collateral. Collateral also includes any and all payments due, or to become due, to Debtor under a certain Agreement dated April 25, 1982 by and between Railcar Management, Inc., and CIS as assigned to Debtor as of July 31, 1985, attached hereto as Exhibit C, (the "RMI

Agreement"), any renewal or extension or amendment thereto, whether rent, late charges, damages, insurance or otherwise.

1.5 Duration of Security Interest. The Secured Party, its successors and assigns, shall have and hold the Collateral forever; provided, always, however, that if the Debtor shall pay or cause to be paid all the indebtedness hereby secured and shall observe, keep and perform all the terms and conditions, covenants and agreements herein, under the Other Agreements and the Note, then these presents and the estate hereby granted and conveyed shall cease and this Security Agreement shall become null and void.

Section 2. COVENANTS AND WARRANTIES OF THE DEBTOR.

The Debtor covenants, warrants and agrees as to itself as follows:

2.1 Status. Debtor is a corporation duly organized and validly organized and existing in good standing under the laws of the state of its incorporation and has all corporate power and authority to own its properties and carry on its business in the place where such properties are located and such business is conducted.

2.2 Compliance With Law. The execution of this Security Agreement, the Note, and the Other Agreements and performance by Debtor of its obligations hereunder and thereunder, does not, at the date of execution hereof and thereof, violate any existing law or regulation or any writ or decree of any court or governmental agency, or any agreement or undertaking to which it is a party or by which it is bound.

2.3 Compliance With Articles Of Incorporation. The execution, delivery, and performance by the Debtor of this Security Agreement, the Note, and the Other Agreements, have been duly authorized by all necessary action on the part of the Debtor and do not violate, or constitute a breach under, its Articles of Incorporation or By-Laws or any law, rule or regulation or any indenture, contract or other instruments to which the Debtor is a party or by which it is bound. This Security Agreement, the Note, and the Other Agreements, upon their execution and delivery, will constitute the legal, valid and binding agreements of the Debtor enforceable in accordance with their terms.

2.4 No Action. There is no action, suit or proceeding pending, or to the knowledge of Debtor, threatened against Debtor before or by any court, administrative agency or other governmental authority which might result in any adverse change in the business, assets or financial condition of Debtor, or which could have a material adverse effect upon Debtor's rights or duties under, or its ability to comply with or enforce this Security Agreement, the Lease Agreements, the Note, and the Other Agreements.

2.5 Tax Compliance. To the extent that the failure to file tax returns or pay taxes would have an adverse effect upon

the business, assets or financial condition of Debtor or would create or fail to extinguish a lien on the Collateral or any item thereof, Debtor has filed all tax returns required to be filed by it, and Debtor is not in default in the payment of any taxes levied or assessed against it or any of its assets.

2.6 Debtor's Duties. The Debtor covenants and agrees well and truly to perform, abide by and to be governed and restricted by each and all of the terms, provisions, restrictions, covenants and agreements set forth in this Security Agreement, the Lease Agreements and the Other Agreements and the Note and in each and every supplement thereto or amendment thereof which may at any time or from time to time be executed and delivered by the parties thereto or their successors and assigns, to the same extent as though each and all of said terms, provisions, restrictions, covenants and agreements were fully set out herein and as though any amendment or supplement to the Other Agreements and the Note were fully set out in an amendment or supplement to this Security Agreement.

2.7 Warranty of Title. The Debtor has the right, power and authority to grant a security interest in the Collateral to the Secured Party for the uses and purposes herein set forth; and the Debtor will warrant and defend the title to the Collateral against all claims and demands whatsoever of all persons which Collateral, except for the security interest granted hereby, is lawfully owned by Debtor and is free and clear of any and all Liens of any nature and kind. The Debtor will not create, assume or suffer to exist any Lien on the Collateral other than Permitted Liens. As used herein, "Lien" shall mean any mortgage, pledge, security interest, encumbrance, lease, lien or charge of any kind, whether or not recorded or filed with the Interstate Commerce Commission or under the Railway Act of Canada, or under the Uniform Commercial Code, (including any agreement to give any of the foregoing, any conditional sale or other title retention agreement or the filing of or agreement to give any financing statement under the Uniform Commercial Code of any jurisdiction or filings with the Interstate Commerce Commission for such purposes). As used herein, "Permitted Liens" shall mean (a) the lien created by this Agreement; (b) the lien of taxes, assessments or governmental charges which are not at the time delinquent; and (c) the lien of taxes, assessments or governmental charges which are delinquent but the validity of which is being contested in good faith by appropriate action diligently pursued, provided that such proceeding shall suspend the collection of such taxes, assessments or governmental charges and, in the opinion of the Secured Party, the security interest in the Collateral, or any part thereof, would not be adversely affected or forfeited during the period of such contest.

2.8 Further Assurances. The Debtor will, at its expense, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, transfers and assurances necessary or proper for the perfection of the security interest being herein provided for in the Collateral, whether now owned or hereafter acquired. Without limiting the foregoing but in furtherance of the security interest herein granted in revenues and other sums due and to become due under the Lease Agreements,

the Debtor covenants and agrees that upon the occurrence of an Event of Default, as hereinafter defined, it will cause the Lessees to be notified of such assignment and direct the Lessees to make all payments of such revenues and other sums due and to become due under the Lease Agreements directly to the Secured Party or as the Secured Party may direct.

2.9 After-acquired Property. Any and all property described or referred to in the granting clauses hereof (specifically Sections 1.1 through 1.4) which is hereafter acquired shall ipso facto, and without any further conveyance, assignment or act on the part of the Debtor or the Secured Party, become and be subject to the security interest herein granted as fully and completely as though specifically described herein, but nothing in this Section 2.9 contained shall be deemed to modify or change the obligation of the Debtor under Section 2.8 hereof, provided however that this Section 2.9 shall not be applicable to after-acquired replacement cars only in the event that Section 4.2(c) is applicable due to a decision not to repair being made and any and all obligations of Debtor relating to any item(s) of Equipment which said replacement cars are to replace having been paid in full pursuant to Section 4.2(c) of the Agreement.

2.10 Corporate Status. The Debtor is and will continue to be a corporation duly incorporated and validly existing under the laws of the state of its incorporation, and is and will continue to be qualified and in good standing in all jurisdictions wherein the Collateral is located and wherein the character of the Collateral owned or the nature of the business transacted by it makes licensing or qualification as a foreign corporation necessary, and will notify the Secured Party whenever it changes the location of its chief executive office.

2.11 Reports and Inspection. Debtor will comply with the following terms:

(a) Debtor shall furnish to Secured Party, within ninety (90) days after the close of its fiscal year copies of Debtor's profit and loss statement and balance sheet certified by a firm of certified public accountants. Said certified public accountants shall be a firm which is reasonably competent and experienced to render such services to a business entity conducting the nature, type and volume of business Debtor has been or is engaged in at the time such services are rendered. Quarterly profit and loss statements and balance sheets, certified by the chief financial officer of Debtor, shall be prepared within thirty (30) days after the close of each quarter and Debtor shall furnish such quarterly statements and balance sheets to Secured Party within fifteen (15) days after their preparation by Debtor.

(b) Debtor shall permit Secured Party to inspect all of the Collateral and the records maintained in connection therewith during normal business hours of Debtor or at such other times as Secured Party may reasonably request.

(c) Debtor shall notify Secured Party as soon as possible, but in any event no later than ten (10) days prior to the date thereof, of any of the following: (i) upon request by

Secured Party, any change in the location of the Collateral; (ii) any change in Debtor's principal place of business and chief executive office; (iii) any change of Debtor's name; and (iv) any change in the legal structure of Debtor.

(d) Debtor shall furnish Secured Party such additional information concerning the location, condition, use and operation and leasing of its property, including but not limited to the Collateral, and the financial condition and other operations of Debtor as Secured Party may reasonably request from time to time.

2.12 Recordation and Filing. The Debtor will cause this Security Agreement, the Lease Agreements, and any supplements hereto and thereto, and all financing and continuation statements and similar notices required or permitted by applicable law, including, but not limited to all filings with the Interstate Commerce Commission pursuant to the provisions of 49 U.S.C. §11303(a) and the California Public Utilities Code pursuant to §7578 thereof and all filings pursuant to the Uniform Commercial Code of any and all applicable states, at all times to be kept, recorded and filed at no expense to the Secured Party in such manner and in such places as may be required or permitted by law in order fully to preserve and protect the rights of the Secured Party hereunder, and Debtor shall give proof thereof to the Secured Party.

2.13 Entire Lease Agreement. The Lease Agreements attached hereto as Exhibits A and B are true and correct copies of said Agreements and constitute the entire agreement between the parties thereto and that there are no amendments, revisions, modifications or any other agreement(s), written or oral, not set forth and made part of Exhibits A and B. The Debtor will not make any amendment, revision or modification to the Lease Agreements without the prior written consent of the Secured Party.

2.14 CIS' Interest. CIS has no rights or interest of any nature or kind whatsoever in either the Equipment or the Lease Agreements or Schedule 7 thereto and that Debtor has paid any and all obligations to CIS relating, directly or indirectly, to the Equipment, the Lease Agreement or Schedule 7 thereto in full.

2.15 Evans' Interest. Evans Transportation Corporation ("Evans") has no rights or interest of any nature or kind whatsoever in either the Equipment or the Lease Agreements or Schedule 7 thereto and that Debtor has paid any and all obligations to Evans relating, directly or indirectly, to the Equipment, the Lease Agreement or Schedule 7 thereto in full.

2.16 Equipment Car Numbers. That the Equipment has new car numbers of CN 328501-328520, inclusive, and TWRY 10,001-10,0003, inclusive, and 10,078-10,124, inclusive, and had previously or has those "old" car numbers as set forth in Schedule A hereto and that there are no other car numbers or markings, including, but not limited to, those for Interstate Commerce Commission purposes for the Equipment in which Debtor is granting Secured Party a security interest.

2.17 Canadian Lease. Debtor shall immediately notify Secured Party, but in any event no later than five (5) days after the date thereof, of the execution of any lease agreement(s) with the Canadian National Railway pursuant to the Canadian Lease. Debtor agrees that within ten (10) days of executing said lease(s) it shall execute and deliver any and all documents necessary to grant and perfect a security interest to Secured Party in and to all said leases with Canadian National Railway to the full extent that the leases relate in any manner to the Equipment.

2.18 Prior Security Agreement. Debtor agrees that it shall execute and deliver an amendment to a certain Security Agreement dated as of April 29, 1988 to amend Schedule A thereto to include as collateral all Equipment set forth in the Schedule attached hereto as Exhibit A.

Section 3. POSSESSION, USE AND MAINTENANCE OF
PROPERTY; INSURANCE

3.1 Possession of Collateral. So long as there is no Event of Default hereunder or an event which with the giving of notice or lapse of time or both would constitute such an Event of Default, the Debtor shall be suffered and permitted to remain in full possession, enjoyment and control of the Equipment and to manage, operate and use the same and each part thereof with the rights and franchises appertaining thereto.

3.2 Insurance. The Debtor shall take all necessary steps to ensure that the Lessees shall keep the Collateral insured pursuant to the terms of the Lease Agreements, including, but not limited to, all obligations pursuant to paragraph 7(B) of the Lease Agreements. In addition, Debtor shall take all necessary steps to ensure that within thirty days of the date hereof that all policies of insurance for the Equipment secured by Lessees pursuant to the Lease Agreements shall include Secured Party as an additional insured and an additional loss payee as its interest may appear. All said policies regarding the Equipment shall be in such form, amounts and with such companies as the Secured Party may approve in its sole discretion; shall provide for at least thirty (30) days prior written notice to Secured Party prior to any modification or cancellation thereof; shall be payable to Debtor and Secured Party as their interests may appear; shall waive any claim for premium against Secured Party; and shall provide that no breach of warranty or representation or act or omission of Debtor shall terminate, limit or affect the insurers' liability to the Secured Party. Certificates of insurance or policies evidencing the insurance required hereby along with satisfactory proof of the payment of the premiums therefor shall be deposited with the Secured Party who is authorized, but under no duty, to obtain such insurance upon failure of the Debtor to do so. Debtor shall give immediate written notice to the Secured Party and to insurers of loss or damage to the Collateral and shall promptly file proofs of loss with insurers. Debtor hereby irrevocably appoints the Secured Party attorney-in-fact, coupled with an interest, for the Debtor in obtaining, adjusting and cancelling any such insurance and endorsing settlement drafts and hereby assigns to the Secured

Party all sums which may become payable under such insurance, including return premiums and dividends, as additional security for the indebtedness hereby secured.

Section 4. APPLICATION OF ASSIGNED RENTALS AND
CERTAIN OTHER MONEYS RECEIVED BY
THE SECURED PARTY

4.1. Application of Rentals; Certain Payments. So long as neither (i) an Event of Default hereunder has occurred; or (ii) Union Bank of San Francisco, California, has given Secured Party written notice at any time that Debtor is in default of the Credit as that term is defined in the Intercreditor Agreement between Secured Party and Union Bank dated as of April 29, 1988 ("Credit"), all payments under the Lease Agreements shall be paid to Debtor. However, in the event that either events set forth in (i) or (ii) above have occurred or an Event of Default shall have under the Note, the Debtor does hereby constitute the Secured Party the Debtor's true and lawful attorney, irrevocably, with full power (in the name of the Debtor, or otherwise) to ask, require, demand, receive, compound and give acquittance for any and all rents, monies, and claims for monies due and to become due under or arising out of the Lease Agreements, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which the Secured Party may deem to be necessary or advisable in the premises. Anything to the contrary notwithstanding, Debtor does immediately constitute Secured Party its true and lawful attorney for the purpose of filing appropriate Interstate Commerce Act, Uniform Commercial Code and other filings with respect to Lease Agreements, and the Debtor does hereby irrevocably authorize the Secured Party by its duly authorized officers or agents as attorney-in-fact of the Debtor to sign any such filings in the name of the Debtor and/or to execute and file the same with only the signature of the Secured Party.

4.2. Application of Casualty Insurance Proceeds. The amounts received by the Secured Party from time to time which constitute proceeds of casualty insurance maintained by either the Debtor or any of the Lessees in respect of the Equipment shall be applied by the Secured Party in its sole discretion from time to time to any one or more of the following purposes:

(a) So long as no Event of Default has occurred and is continuing, the proceeds of such insurance shall, if the Equipment is to be repaired, be released to the Debtor to reimburse the Lessees or third parties, as the case may be, and in the sole discretion of Secured Party for expenditures made for such repair upon receipt by the Secured Party of a certificate of an appropriate officer of the Lessee;

(b) If the insurance proceeds shall not have been released to the Debtor pursuant to the preceding paragraph (a) within 180 days from the receipt thereof by the Secured Party, then so long as no Event of Default has occurred and is continuing to the knowledge of the Secured Party, the insurance proceeds shall be applied by the Secured Party as follows:

(i) First, the prepayment of the Note all in the manner and to the extent provided for by Section 4.2(c) hereof; and

(ii) Second, the balance, if any, of such insurance proceeds held by the Secured Party after making the applications provided for by the preceding subparagraph (i) shall be released promptly to or upon the order of the Debtor.

(c) So long as no Event of Default or event which with the giving of notice or lapse of time or both would constitute such an Event of Default has occurred and is continuing, if the Equipment is not to be repaired pursuant to (a) above, as determined by Secured Party in its sole discretion, the amounts from time to time received by the Secured Party which constitute proceeds of such casualty insurance for any such item of Equipment shall be paid and applied as follows:

(i) First, an amount equal to the accrued and unpaid interest on that portion of the Note to be prepaid pursuant to the following subparagraph (ii) shall be applied on the Note;

(ii) Second, an amount equal to the Loan Value (as hereinafter defined) of such item of Equipment for which payment of the proceeds of such insurance is then being made shall be applied to the prepayment of the Notes, without premium, so that each of the remaining installments of the Note shall be reduced in proportion that the principal amount of the Note immediately prior to the prepayment; and

(iii) Third, the balance, if any, of such amounts held by the Secured Party after making the applications provided for by the preceding subparagraphs (i) and (ii) shall be released promptly to or upon the order of the Debtor.

For purposes of this Section 4.2(c), the Loan Value, in respect of any item of Equipment, shall be an amount equal to the product of (A) a fraction, the numerator of which is an amount equal to the rebuilding costs of such item of Equipment for which payment of the proceeds of such insurance is then being made and the denominator of which is the aggregate rebuilding costs of all items of Equipment then subject hereto times (B) the unpaid principal amount of the Note immediately prior to the prepayment provided for in this Section 4.2 (after giving effect to all payments of installments of principal made or to be made on the date of prepayment provided for in this Section 4.2).

4.3. Multiple Notes. If more than one Note is outstanding at the time any such application is made, such application shall be made on all outstanding Notes ratably in accordance with the aggregate principal of proceeds and avails of the Collateral.

Section 5. DEFAULTS AND OTHER PROVISIONS.

5.1 Events of Default. The term Event of Default shall mean one or more of the following:

(a) Failure to receive payment of principal or interest on the Note as and when the same shall become due and payable, whether at the due date thereof or at the date fixed for any prepayment or by acceleration or otherwise; or

(b) An Event of Default, as defined and set forth in the Collateral Assignment of Leases; or

(c) Default on the part of the Debtor in the due observance or performance of any covenant or agreement to be observed or performed by the Debtor under this Security Agreement; or

(d) Any representation or warranty on the part of the Debtor made herein or in the Note or the Other Agreements or in any report, certificate, financial or other statement furnished in connection with this Security Agreement, the Note, the Other Agreements or the transactions contemplated herein or therein shall prove to be false or misleading in any material respect when made; or

(e) Any claim, lien or charge (other than Permitted Liens) shall be asserted against or levied or imposed upon the Collateral, and such claim, lien or charge shall not be discharged or removed within thirty calendar days thereafter; or

(f) Debtor shall cease to do business as a going concern, shall make an assignment for the benefit of creditors or any proceeding shall be commenced by or against the Debtor for any relief which includes or might result in any modification of the obligations of the Debtor hereunder or under the Note under any bankruptcy or insolvency law or laws relating to the relief of debtors, readjustment of indebtedness, reorganizations, arrangements, compositions or extensions; or

(g) Entry of a judgment, issuance of any garnishment, attachment or distraint, the filing of any lien of any governmental attachment against the Collateral, which entry, issuance, attachment or filing shall have continued unstayed and in effect for a period of twenty (20) consecutive days; or

(h) In the reasonable opinion of the Secured Party the value of the Collateral shall be reduced below an amount less than seventy-four percent (74%) of the Debtor's original cost for the Equipment; or

(i) There is an adverse and material change in Debtor's financial condition.

(j) Union Bank of San Francisco, California, shall have given Secured Party written notice, at any time, that Debtor is in default of the Credit.

(k) An Event of Default under any agreement between Debtor and Secured Party whether said agreements are now in existence or entered into subsequent to the date of this Security Agreement, including, but not limited to an Event of Default

under any and all agreements between the parties pertaining to the financing of railroad equipment.

5.2 Secured Party's Rights. The Debtor agrees that when any Event of Default has occurred and is continuing and is not cured by Debtor within thirty (30) days of its occurrence, except for an Event of Default set forth in subpart (a) of Section 5.1 for which no period of time shall be required to lapse before all of Secured Party's rights shall be available to it and in full force and effect, the Secured Party shall have the rights, options, duties and remedies of a secured party, and the Debtor shall have the rights and duties of a debtor, under the Uniform Commercial Code of the Commonwealth of Pennsylvania (regardless of whether such Code or a law similar thereto has been enacted in a jurisdiction wherein the rights or remedies are asserted) and, in addition, the Secured Party shall also have the following rights and remedies:

(a) The Secured Party may, by notice in writing to the Debtor declare the entire unpaid balance of the Note to be immediately due and payable; and thereupon all such unpaid balance, together with all accrued interest thereon, shall be and become immediately due and payable.

(b) The Secured Party personally or by agents or attorneys, may take immediate possession of the Collateral, or any portion thereof as provided for under the Note, and for that purpose may pursue the same wherever it may be found, and may enter any of the premises of the Debtor, with or without notice, demand, process of law or legal procedure, if this can be done without breach of the peace, and search for, take possession, remove, keep and store the Collateral, or use and operate or lease the Collateral until sold.

(c) The Secured Party may, either with or without taking possession and either before or after taking possession, and without instituting any legal proceedings whatsoever, sell and dispose of said Collateral, or any part thereof, at public auction to the highest bidder, in one lot as an entirety or in separate lots, and either for cash or on credit and on such terms as the Secured Party may determine, and at any place (whether or not it be the location of the Collateral or any part thereof); provided, however, that any such sale shall be held in a commercially reasonable manner. Any such sale or sales may be adjourned from time to time by announcement at the time place appointed for such sale or sales, or for any such adjourned sale or sales, without published notice, and the Secured Party or the holder or holders of the Note, or of any interest therein, may bid and become the purchaser at any such sale.

(d) The Secured Party may proceed to protect and enforce this Security Agreement and the Note by suit or suits or proceedings in equity, at law or in bankruptcy, and whether for the specific performance of any covenant or agreement herein contained or in execution or aid of any power herein granted, or for foreclosure hereunder or for the appointment of a receiver or receivers for the Collateral or any part thereof, for the recovery of judgment for the indebtedness hereby secured or for the

enforcement of any other proper, legal or equitable remedy available under applicable law; and

(e) The Secured Party may proceed to exercise all rights, privileges and remedies of the Debtor under the Lease Agreements or the Collateral Assignment of Leases of even date and may exercise all such rights and remedies either in the name of the Secured Party or in the name of the Debtor for the use and benefit of the Secured Party.

5.3 Acceleration Clause. In case of any sale of the Collateral, or of any party thereof, pursuant to any judgment or decree of any court or otherwise in connection with the enforcement of any of the terms of this Security Agreement, the principal of the Note, if not previously due, and the interest accrued thereon, shall at once become and be immediately due and payable.

5.4 Waiver by Debtor. To the extent permitted by law, the Debtor covenants that it will not at any time insist upon or plead, or in any manner whatever claim or take any benefit or advantage of, any stay or extension law now or at any time hereafter in force, nor claim, take nor insist upon any benefit or advantage of or from any law now or hereafter in force providing for the valuation or appraisal of the Collateral or any part thereof, prior to any sale or sales thereof to be made pursuant to any provision herein contained, or to the decree, judgment or order of any court of competent jurisdiction; nor, after such sale or sales, claim or exercise any right under any statute now or hereafter made or enacted by any state or otherwise to redeem the property so sold or any part thereof, and, to the full extent legally permitted, hereby expressly waives for itself and on behalf of each and every person, acquiring any interest through the Debtor in, or title to, the Collateral or any part thereof subsequent to the date of this Security Agreement, all benefit and advantage of any such law or laws, and covenants that it will not invoke or utilize any such law or laws or otherwise hinder, delay or impede the execution of any power herein granted and delegated to the Secured Party, but will suffer and permit the execution of every such power as though no such power, law or laws had been made or enacted.

5.5 Effect of Sale. Any sale, whether under any power of sale hereby given or by virtue of judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of the Debtor in and to the property sold and shall be a perpetual bar, both at law and in equity, against the Debtor, its successors and assigns, and against any and all persons claiming the property sold or any party thereof, under, by or through the Debtor, its successors or assigns.

5.6 Application of Sale Proceeds. The proceeds and avails of any sale of the Collateral, or any part thereof, and the proceeds and the avails of any remedy hereunder shall be paid to and applied as follows:

(a) First, to the payment of costs and expenses of foreclosure or suit, if any, and of such sale, and of all

property expenses, liability and advances, including reasonable legal expenses and attorneys' fees, incurred or made hereunder by the Secured Party or the holder or holders of the Note and of all taxes, assessments or liens superior to the lien of these presents, except any taxes, assessments or other superior lien subject to which said sale may have been made;

(b) Second, to the payment to the holder or holders of the Note of the amount then owing or unpaid on the Note for principal and interest; and in case such proceeds shall be insufficient to pay in full the whole amount so due, owing or unpaid upon the Note, first, to unpaid interest thereon and, second, to unpaid principal thereof; such application to be made upon presentation of the Note, and the notation thereon of the payment, if partially paid, or the surrender and cancellation thereof, if fully paid; and

(c) Third, to the payment of the surplus, if any, to the Debtor, its successors and assigns, or to whomsoever may be lawfully entitled to receive the same.

5.7 Discontinuance of Remedies. In case the Secured Party shall have proceeded to enforce any right under this Security Agreement by foreclosure, sale, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then, and in every such case, the Debtor, the Secured Party and the holder or holders of the Notes shall be restored to their former positions and rights hereunder with respect to the property subject to the security interest created under this Security Agreement.

5.8 Cumulative Remedies. No delay or omission of the Secured Party or of the holder of any Note to exercise any right or power arising from any default on the part of the Debtor, shall exhaust or impair any such right or power or prevent its exercise during the continuance of such default. No waiver by the Secured Party, or the holder of any Note of any such default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom except as may be otherwise provided herein. The Secured Party may exercise any one or more or all of the remedies hereunder and no remedy is intended to be exclusive of any other remedy but each and every remedy shall be cumulative and in addition to any and every other remedy given hereunder or otherwise existing now or hereafter at law or in equity; nor shall the giving, taking or enforcement of any other or additional security, collateral or guaranty for the payment of the indebtedness secured under this Security Agreement operate to prejudice, waiver or affect the security of this Security Agreement or any rights, powers or remedies hereunder, nor shall the Secured Party or holder of the Notes be required to first look to, enforce or exhaust such other or additional security, collateral or guaranties.

Section 6. TRANSFER OF EQUIPMENT.

The Secured Party hereby acknowledges that the Equipment is owned by Debtor, and the Debtor is leasing the Equipment

to the Lessees pursuant to the Lease Agreements. Pursuant to the documents executed in connection with the foregoing transactions, the aforementioned ownership interest of Debtor and the Lease Agreements are subject and subordinate in all respects to the security interest of Secured Party hereunder.

Section 7. MISCELLANEOUS.

7.1 Payment of the Note. The principal of, and interest on, the Note shall be payable by wire transfer of immediately available funds to such bank or trust company in the continental United States for the account of the Secured Party thereof as such Secured Party shall designate to the Debtor from time to time in writing, and if no such designation is in effect, by check, duly mailed, first class, certified, postage prepaid, or delivered to such Secured Party at its address set forth in Section 7.5 below. All payments so made shall be valid and effectual to satisfy and discharge the liability upon such Note to the extent of the sums so paid.

7.2 Business Days. As used herein, the term "Business days" means calendar days, excluding Saturdays, Sundays and any other day on which banking institutions in the Commonwealth of Pennsylvania are authorized or obligated by law to remain closed.

7.3 Successors and Assigns. Whenever any of the parties hereto is referred to such reference shall be deemed to include the successors and assigns of such party; and all the covenants, promises and agreements in this Security Agreement contained by or on behalf of any of the parties hereto shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not.

7.4 Partial Invalidity. The unenforceability or invalidity of any provision or provisions of this Security Agreement shall not render any other provision or provisions herein contained unenforceable or invalid.

7.5 Communications. All communications provided for herein shall be in writing and shall be deemed to have been given (unless otherwise required by the specific provisions hereof in respect of any matter) when delivered personally or when deposited in the United States certified mails, first class, postage prepaid, addressed as follows:

If to Debtor:

Helm Financial Corporation
One Embarcadero Center
Suite 3320
San Francisco, CA 94111
ATTENTION: Richard C. Kirchner, President

If to Secured Party:

Westinghouse Credit Corporation
One Oxford Centre
Pittsburgh, PA 15219
ATTENTION: Vice President, Leasing Operations

or to any party at such other address as such party may designate by notice duly given in accordance with this Section to the other party.

7.6 Release. The Secured Party shall release this Security Agreement and the security interest granted hereby by proper instrument or instruments upon presentation of satisfactory evidence that all indebtedness secured hereby has been fully paid or discharged.

7.7 Governing Law. This Security Agreement and the Note shall be construed in accordance with and governed by the laws of the Commonwealth of Pennsylvania; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. Section 11303 and such additional rights arising out of the filing, recording or deposit hereof, if any, and of any assignment hereof as shall be conferred by the laws of the secured jurisdictions in which this Agreement or any assignment hereof shall be filed, recorded or deposited.

7.8 Waiver of Jury Trial. Each of the parties hereto each waive its right to or right to request a jury trial otherwise available under applicable law and hereby consent to submit all judicial proceeding(s) in any manner pertaining or involving this Security Agreement to a judge and/or arbitrator(s), as the case may be, under applicable law in the court of competent jurisdiction adjudicating any dispute filed by either party.

7.9 Counterparts. This Security Agreement may be executed, acknowledged and delivered in any number of counterparts, each of such counterparts shall constitute an original but all together only one Security Agreement.


7.10 Headings. Any headings or captions preceding the text of the several sections hereof are intended solely for convenience of reference and shall not constitute a part of this Security Agreement nor shall they affect its meaning, construction or effect.


7.11 Prior Security Agreement. Except as specifically provided herein, this Agreement is not intended to and shall not replace, rescind, amend or modify or in any manner affect the terms of the Security Agreement between the parties hereto dated as of April 29, 1988.

IN WITNESS WHEREOF, the parties hereto have executed this Security Agreement as of the day and year first above written.

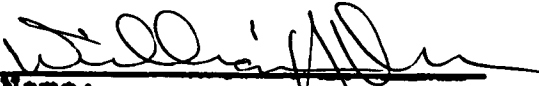
ATTEST:

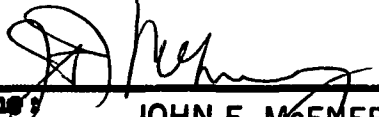
HELM FINANCIAL CORPORATION


Name: William M. PETERSON
Title: Secretary
(Corporate Seal)

By 
Name: DAVID R. ECKLES
Title: EXECUTIVE VICE PRESIDENT

WESTINGHOUSE CREDIT CORPORATION

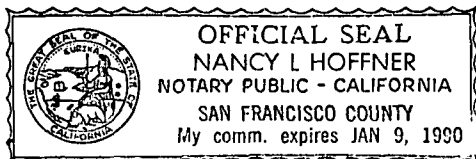

Name: William A. Ork
Title: Senior Investment Manager
0747/A

By 
Name: JOHN F. MCENERY
Title: Vice President, Leasing Operations

STATE OF CALIFORNIA
COUNTY OF SAN FRANCISCO

SS.

On this 17th day of May, 1988, before me, personally appeared DAVID R. ECKLES, to me personally known, who being by me duly sworn, says that he is an EXECUTIVE VICE PRESIDENT of Helm Financial Corporation, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



(SEAL)

Nancy L. Hoffner
Notary Public

STATE OF PENNSYLVANIA
COUNTY OF ALLEGHENY

SS.

On this 18th day of May, 1988, before me, personally appeared JOHN F. MCENERY to me personally known, who being by me duly sworn, says that he is a VICE PRESIDENT of Westinghouse Credit Corporation, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Joann B. Klingler
Notary Public

JOANN B. KLINGLER, NOTARY PUBLIC
PITTSBURGH, ALLEGHENY COUNTY
MY COMMISSION EXPIRES MAY 6, 1991
Member, Pennsylvania Association of Notaries

(SEAL)

0747/A

Schedule A

Description of Equipment

Two Hundred and Sixty (260) 100-ton, 3418 cubic foot, triple pocket, open top hopper cars, remanufactured (Rule 88) by Bethlehem Steel Freight Car Division, 1988, as further described below:

NEW REPORTING MARK #	NEW CAR NUMB.	REPORTING MARK	OLD ROAD NUMBER
=====	=====	=====	=====
CN	328501	CO	87587
CN	328502	CO	87336
CN	328503	CO	87598
CN	328504	CO	87712
CN	328505	CO	87877
CN	328506	CO	87011
CN	328507	CO	87051
CN	328508	CO	87620
CN	328509	CO	87994
CN	328510	CO	87584
CN	328511	CO	87900
CN	328512	CO	87442
CN	328513	CO	87891
CN	328514	CO	87273
CN	328515	CO	87391
CN	328516	CO	87649
CN	328517	CO	87880
CN	328518	CO	87245
CN	328519	CO	87914
CN	328520	CO	87703
TWRY	10001	CO	87717
TWRY	10002	CO	87558
TWRY	10003	CO	87392
TWRY	10078	CO	87009
TWRY	10079	CO	87777
TWRY	10080	CO	87965
TWRY	10081	CO	87464
TWRY	10082	CO	87689
TWRY	10083	CO	87229
TWRY	10084	CO	87116
TWRY	10085	CO	87666
TWRY	10086	CO	87243
TWRY	10087	CO	87720
TWRY	10088	CO	87655
TWRY	10089	CO	87930
TWRY	10090	CO	87055
TWRY	10091	CO	87993
TWRY	10092	CO	87335
TWRY	10093	CO	87696
TWRY	10094	CO	87520
TWRY	10095	CO	87349
TWRY	10096	CO	87642
TWRY	10097	CO	87202
TWRY	10098	CO	87145
TWRY	10099	CO	87546
TWRY	10100	CO	87713
TWRY	10101	CO	87698
TWRY	10102	CO	87056
TWRY	10103	CO	87034

NEW REPORTING MARK #	NEW CAR NUMB.	REPORTING MARK	OLD ROAD NUMBER
=====	=====	=====	=====
TWRY	10104	CO	87963
TWRY	10105	CO	87460
TWRY	10106	CO	87519
TWRY	10107	CO	87164
TWRY	10108	CO	87860
TWRY	10109	CO	87074
TWRY	10110	CO	87942
TWRY	10111	CO	87837
TWRY	10112	CO	87772
TWRY	10113	CO	87817
TWRY	10114	CO	87446
TWRY	10115	CO	87736
TWRY	10116	CO	87688
TWRY	10117	CO	87518
TWRY	10118	CO	87910
TWRY	10119	CO	87750
TWRY	10120	CO	87078
TWRY	10121	CO	87541
TWRY	10122	CO	87209
TWRY	10123	CO	87418
TWRY	10124	CO	87089

NEW REPORTING MARK	NEW CAR NUMBER	OLD CSX REPORTING MARK	OLD CSX CAR NUMBER
TWRY	5000	CO	87811
TWRY	5001	CO	87399
TWRY	5002	CO	87059
TWRY	5003	CO	87475
TWRY	5004	CO	87637
TWRY	5005	CO	87746
TWRY	5006	CO	87609
TWRY	5007	CO	87480
TWRY	5008	CO	87905
TWRY	5009	CO	87570
TWRY	5010	CO	87489
TWRY	5011	CO	87360
TWRY	5012	CO	87612
TWRY	5013	CO	87049
TWRY	5014	CO	87947
TWRY	5015	CO	87075
TWRY	5016	CO	87123
TWRY	5017	CO	87415
TWRY	5018	CO	87109
TWRY	5019	CO	87373
TWRY	5020	CO	87259
TWRY	5021	CO	87213
TWRY	5022	CO	87238
TWRY	5023	CO	87956
TWRY	5024	CO	87449
TWRY	5025	CO	87001
TWRY	5026	CO	87077
TWRY	5027	CO	87899
TWRY	5028	CO	87384
TWRY	5029	CO	87970
TWRY	5030	CO	87217
TWRY	5031	CO	87227
TWRY	5032	CO	87646
TWRY	5033	CO	87112
TWRY	5034	CO	87843
TWRY	5035	CO	87790
TWRY	5036	CO	87732
TWRY	5037	CO	87495
TWRY	5038	CO	87497
TWRY	5039	CO	87333
TWRY	5040	CO	87599

NEW REPORTING MARK	NEW CAR NUMBER	OLD CSX REPORTING MARK	OLD CSX CAR NUMBER
TWRY	5041	CO	87848
TWRY	5042	CO	87839
TWRY	5043	CO	87140
TWRY	5044	CO	87571
TWRY	5045	CO	87119
TWRY	5046	CO	87005
TWRY	5047	CO	87237
TWRY	5048	CO	87270
TWRY	5049	CO	87939
TWRY	5050	CO	87027
TWRY	5051	CO	87996
TWRY	5052	CO	87382
TWRY	5053	CO	87262
TWRY	5054	CO	87716
TWRY	5055	CO	87405
TWRY	5056	CO	87383
TWRY	5057	CO	87286
TWRY	5058	CO	87516
TWRY	5059	CO	87050
TWRY	5060	CO	87591
TWRY	5061	CO	87167
TWRY	5062	CO	87437
TWRY	5063	CO	87228
TWRY	5064	CO	87419
TWRY	5065	CO	87281
TWRY	5066	CO	87250
TWRY	5067	CO	87455
TWRY	5068	CO	87661
TWRY	5069	CO	87711
TWRY	5070	CO	87225
TWRY	5071	CO	87759
TWRY	5072	CO	87625
TWRY	5073	CO	87125
TWRY	5074	CO	87738
TWRY	5075	CO	87906
TWRY	5076	CO	87859
TWRY	5077	CO	87280
TWRY	5078	CO	87486
TWRY	5079	CO	87710
TWRY	5080	CO	87488
TWRY	5081	CO	87562
TWRY	5082	CO	87911
TWRY	5083	CO	87481
TWRY	5084	CO	87964
TWRY	5085	CO	87201
TWRY	5086	CO	87472
TWRY	5087	CO	87741
TWRY	5088	CO	87498
TWRY	5089	CO	87311
TWRY	5090	CO	87708

NEW REPORTING MARK	NEW CAR NUMBER	OLD CSX REPORTING MARK	OLD CSX CAR NUMBER
TWRY	5091	CO	87025
TWRY	5092	CO	87136
TWRY	5093	CO	87316
TWRY	5094	CO	87513
TWRY	5095	CO	87616
TWRY	5096	CO	87856
TWRY	5097	CO	87063
TWRY	5098	CO	87721
TWRY	5099	CO	87461
TWRY	5100	CO	87293
TWRY	5101	CO	87943
TWRY	5102	CO	87925
TWRY	5103	CO	87236
TWRY	5104	CO	87324
TWRY	5105	CO	87825
TWRY	5106	CO	87327
TWRY	5107	CO	87849
TWRY	5108	CO	87013
TWRY	5109	CO	87312
TWRY	5110	CO	87756
TWRY	5111	CO	87834
TWRY	5112	CO	87658
TWRY	5113	CO	87924
TWRY	5114	CO	87462
TWRY	10000	CO	87525
TWRY	10004	CO	87081
TWRY	10005	CO	87445
TWRY	10006	CO	87636
TWRY	10007	CO	87260
TWRY	10008	CO	87838
TWRY	10009	CO	87487
TWRY	10010	CO	87271
TWRY	10011	CO	87166
TWRY	10012	CO	87242
TWRY	10013	CO	87944
TWRY	10014	CO	87423
TWRY	10015	CO	87850
TWRY	10016	CO	87404
TWRY	10017	CO	87976
TWRY	10018	CO	87719
TWRY	10019	CO	87904
TWRY	10020	CO	87549
TWRY	10021	CO	87912
TWRY	10022	CO	87039
TWRY	10023	CO	87307
TWRY	10024	CO	87952
TWRY	10025	CO	87179
TWRY	10026	CO	87514
TWRY	10027	CO	87987
TWRY	10028	CO	87748

NEW REPORTING MARK	NEW CAR NUMBER	OLD CSX REPORTING MARK	OLD CSX CAR NUMBER
TWRY	10029	CO	87153
TWRY	10030	CO	87421
TWRY	10031	CO	87953
TWRY	10032	CO	87573
TWRY	10033	CO	87133
TWRY	10034	CO	87624
TWRY	10035	CO	87496
TWRY	10036	CO	87594
TWRY	10037	CO	87458
TWRY	10038	CO	87095
TWRY	10039	CO	87555
TWRY	10040	CO	87798
TWRY	10041	CO	87690
TWRY	10042	CO	87359
TWRY	10043	CO	87366
TWRY	10044	CO	87313
TWRY	10045	CO	87214
TWRY	10046	CO	87936
TWRY	10047	CO	87647
TWRY	10048	CO	87208
TWRY	10049	CO	87268
TWRY	10050	CO	87024
TWRY	10051	CO	87017
TWRY	10052	CO	87374
TWRY	10053	CO	87263
TWRY	10054	CO	87610
TWRY	10055	CO	87531
TWRY	10056	CO	87196
TWRY	10057	CO	87230
TWRY	10058	CO	87801
TWRY	10059	CO	87117
TWRY	10060	CO	87693
TWRY	10061	CO	87693
TWRY	10062	CO	87962
TWRY	10063	CO	87505
TWRY	10064	CO	87129
TWRY	10065	CO	87561
TWRY	10066	CO	87967
TWRY	10067	CO	87376
TWRY	10068	CO	87627
TWRY	10069	CO	87060
TWRY	10070	CO	87318
TWRY	10071	CO	87551
TWRY	10072	CO	87252
TWRY	10073	CO	87479
TWRY	10074	CO	87354
TWRY	10075	CO	87288
TWRY	10076	CO	87454
TWRY	10077	CO	87504

EXHIBIT A

1020/N/2

AMENDED AND RESTATED MASTER EQUIPMENT LEASE AGREEMENT

THIS AMENDED AND RESTATED MASTER EQUIPMENT LEASE AGREEMENT is made as of the 28th day of January, 1982 between CIS Equipment Leasing Corporation having an address at 445 Washington Street, San Francisco, Calif. 94111 ("Manager"), and Tradewater Railway Company having an address at P. O. Box 66, Sturgis, Kentucky 42459 ("Lessee"). The term "Lessor" shall refer to the party identified as Lessor on the applicable Schedule.

1. LEASE: Subject to the terms and conditions hereinafter set forth, the units of railroad rolling stock owned by Lessor described in a Schedule(s), which shall incorporate all the terms and conditions of this Master Equipment Lease Agreement, shall be leased to Lessee. Defined terms, to the extent not defined herein shall have the meaning set forth in the Schedules. Each Schedule shall constitute a separate lease distinct from one another and the term "Schedule" as used hereinafter shall refer to an individual Schedule which incorporates this Master Equipment Lease Agreement. Lessor shall mean the Lessor identified in each Schedule. The items of railroad rolling stock to be leased hereunder are described in Exhibit A hereto and such items shall become Units (hereinafter collectively referred to as the "Equipment" and individually as a "Unit" or "Item") only upon (i) the execution of the Schedule relating thereto (ii) acceptance of the items by Lessee pursuant to Section 5 hereof, and (iii) acceptance of the items by Manager pursuant to Section 5 hereof. Lessee interest in the Equipment is that of a lessee, subject to all the provisions of this Master Equipment Lease Agreement, the Schedules, and such documents as Lessor may reasonably require to evidence the various ownership and security interests of parties in the Equipment.

2. TERM:

(a) The term of this Master Equipment Lease Agreement shall be for 15 years and shall end on January 27, 1997. Said Agreement cannot be terminated by Lessee for any reason prior to January 27, 1997 except by the abandonment by lessee of the railroad track upon which it operates its railroad company.

(b) The term of each Schedule shall be comprised of a Delivery Term and a Base Term. The Delivery Term for each Unit shall commence on the date that Manager notifies Lessee pursuant to Section 5.b hereof that such item of equipment is available for Lessee's inspection and acceptance and shall end on the Acceptance Date. The Base Term of a Schedule shall begin on the Acceptance Date and shall, unless extended as provided in subsection (c) below, terminate on the last day of the Base Term of such Schedule.

(c) A Schedule shall terminate at the end of the Base Term stated thereon unless Manager notifies Lessee that the term of said Schedule has been extended.

3. RENTAL:

A. Definitions. In this Lease, the following terms have the following meanings:

(1) "Availability Charge" shall mean the specific charges per Unit pursuant to the AAR Code of Car Hire Rules and Interpretations-Freight and any rules, orders, interpretations or other regulations issued thereunder or in any other publication referred to therein (collectively called the "Car Hire Rules") but shall change when and to the extent that the Car Hire Rules relating to the Units change.

(2) "Availability Time" means the total number of days in any Rental Period multiplied by twenty-four hours.

(3) "Base Rental" for any Unit shall be an amount equal to 80% of the Monthly Base.

(4) "Excess Proceeds" shall mean an amount by which, for any Rental Period, the Payments for all Units subject to a Schedule exceed 85% of the Monthly Base for all Units subject to such Schedule.

(5) "First Load Date" shall be that date that a Unit is loaded with cargo for shipment for the first time following the Delivery Date.

(6) "Interchange Rules" shall mean all codes, rules, interpretations, laws or orders governing hire, use, condition, repair and all other matters pertaining to the interchange of freight traffic reasonably interpreted as being applicable to the Units, adopted and in effect from time to time by the Association of American Railroads and any other organization, association, agency, or governmental authority, including the Interstate Commerce Commission and the United States Department of Transportation, which may from time to time be responsible for or have authority to impose such codes, rules, interpretations, laws or orders.

(7) "Lessee's Monthly Advance" for any Unit per month shall be an amount equal to \$29.17 per Unit.

(8) "Lessee's Share" for any Unit per Rental Period shall be the sum of Lessee's Monthly Advance and any reconciliation adjustment at the end of a twelve month period pursuant to Subsection 3.C.3 hereof.

(9) "Minimum Bas. Rental" for any Unit shall be an amount equal to 80% of the Minimum Monthly Base.

(10) "Minimum Monthly Base" for any Unit per Rental Period shall be the product of the Availability Time for a Rental Period and the Availability Charge for such Unit.

(11) "Monthly Base" for any Unit shall be the sum of (i) the product of the Availability Time for a Rental Period and the Availability Charge for such Unit plus (ii) the product of (a) the average actual line haul mileage charge for actual miles traveled by all Units subject to the Schedule applicable to such Unit for such Rental Period and (b) the reciprocal of the Utilization Percentage for such Rental Period. For example, if for a given Rental Period having 30 days, the Units are off-line for an average of 20 days each, the Utilization Percentage would be 66.6667% and the reciprocal of the Utilization Percentage would be 1.5.

(12) "Payments" means all amounts earned during a Rental Period with respect to any Units in accordance with the Car Hire Rules, including but not limited to time charges, actual line-haul mileage charges and incentive hourly charges, without regard to any right of offset or deduction which any person may have against Lessee for any reason.

(13) "Receipts" means with respect to any Units all Payments and other amounts earned by such Units under the Car Hire Rules to the extent that the same are actually received by Manager from time to time.

(14) "Rental Period" means each calendar month of the Base Term of the Lease with respect to any Unit and any portion of any such month during which this Lease is first in effect with respect to any Unit or is last in effect with respect to any Unit.

(15) "Subject To A Given Schedule" shall mean that a Unit has been accepted by Lessee under the Agreement, the term of the Schedule has not expired and such Unit has not been terminated by Manager pursuant to Section 6.C of this Agreement nor has the lease of such Unit been terminated under Section 7.C hereof by virtue of the total destruction of such Unit.

B. Order of Application of Payments to Lessee's Share, Base Rental. Lessee hereby irrevocably appoints Manager its agent to receive all Payments and other amounts earned by the Equipment under the Car Hire Rules and hereby authorizes Manager to collect and receipt for such Payments and such other amounts and apply the same in accordance herewith. Manager accepts such appointment and agrees to apply the Receipts as follows:

(1) By the 45th day after the end of any Rental Period, Manager shall apply all Receipts for such Rental Period on hand first to the payment to Lessee of the Lessee's Monthly Advance for such Rental Period; second, to the payment to Manager of any arrearages of Base Rental existing for Rental Periods during the calendar year in question that relate to Units Subject To A Given Schedule; third, to the payment to Manager of the Base Rental for such Rental Period; and fourth, the Excess Proceeds to Lessee and Manager pursuant to the Annual Disbursement as hereinafter discussed.

(2) To the extent that Payments for such Rental Period have not become Receipts as of the 45th day after the end of any Rental Period, and all the Base Rentals shall not have been paid to Manager, Manager may withhold any disbursement of Excess Proceeds until all Base Rentals, including arrearages for the calendar year in question, have been paid to the Manager.

(3) To the extent that Payments for any Rental Period are in an amount less than the Base Rental therefor, then Manager shall be entitled to retain all Excess Proceeds that are or become available until all Base Rentals for the calendar year in question, are fully paid.

(4) To the extent that Payments for any Rental Period are in an amount less than the Base Rental, and the reason therefor arises from Lessee's use of the Units during such Rental Period, or to the extent that Lessee owes certain payments to Manager or Lessor pursuant to the terms of this lease or any other agreement between Lessee and Manager, then Manager may do any of the following (i) retain any Lessee's Monthly Advance and credit such amount against the Base Rental or other payments then due and unpaid, (ii) terminate the applicable Schedule as to all or any Units, and (iii) collect from Lessee an amount equal to the product of the Availability Charge for such Units and the number of hours that such Units have been so used by lessee plus the mileage charge for such Units that would have been earned if such Units had operated the same number of miles off-line.

(5) Subject to Section 6, Lessee shall have no obligation as to the payment of rentals prior to the First Load Date and periods subsequent thereto that any such Units have returned to Lessee and are not being used by Lessee for on-line operations.

It is the intent of the parties that (i) Lessee receive the Lessee's Monthly Advance from Receipts as and when available following the 45th day after the end of any Rental Period, (ii) Manager receive the Base Rental for all Units for all Rental Periods for the current calendar year prior to the creation and disbursement of Excess Proceeds to either party; (iii) to the extent that Lessee's use of the Units precludes Payments, Lessee shall pay to Manager an amount equal to what the Payments would have been based on such use.

C. Reconciliation; Revenue Sharing; Annual Disbursement.

(1) Within 165 days after the end of each three calendar month period during a given calendar year, Manager shall calculate (a) the Receipts and Payments with respect to such portion of the calendar year (b) the Lessee's Share both paid to Lessee and retained by Manager for such portion of the calendar year, (c) the Base Rentals paid to Manager and as yet unpaid to Manager for such portion of the calendar year and (d) the Excess Proceeds either as paid, credited or accrued to either party. In connection with the foregoing calculation (hereinafter "Reconciliation") Manager shall supply Lessee such reasonable records, information and documentation so as to justify and verify the various calculations.

Provided that Manager has disbursed to Lessee the Lessee's Monthly Advance payable on a monthly basis for each Rental Period (subject to subsection B.4 above), Manager may in its reasonable discretion, retain the remaining amount of Receipts pending the completion of the Reconciliation. The Reconciliation for the fourth calendar quarter shall include such adjustments as have been made pursuant to Subsection 3.B hereof.

(2) Manager shall divide the Excess Proceeds reflected on the Reconciliation for the fourth quarter, which shall take into account the Receipts and Payments for the entire calendar year that includes such fourth quarter, between Manager (40%) and Lessee (60%) and such shall be paid out of Payments for such period in accordance with the Annual Disbursement.

(3) Within 30 days of the Reconciliation for the fourth calendar quarter of any calendar year of this Lease, Manager shall disburse funds to Lessee in accordance with the Reconciliation for said fourth quarter. (Annual Disbursement) Said disbursement shall include Lessee's share of any Excess Proceeds payable pursuant to subsection C.2 above and shall also include, provided that Payments for such previous four quarters exceed 85% of Monthly Base, the excess, if any, of (i) 5% of the sum of the Monthly Bases for all Units subject to a given Schedule for each of the twelve months in such previous four quarters above and (ii) the sum of the products of the number of Units in service each month times \$29.17 for each of the twelve months in such previous four quarters.

D. Per Diem Rate Changes. Manager shall have the right to initiate changes in the per diem rate (hereinafter "Rate") for any Unit, and Lessee agrees to execute any writing necessary to secure the approval for such changes. Should Lessee desire to change the Rate for any Units, Lessee shall obtain the prior written consent of Manager (such consent not to be unreasonably withheld) before charging other than 1) the then existing maximum rate (hereinafter "Maximum Rate") which may be charged for the Units under regulations of the I.C.C. or any other entity having jurisdiction over Rates or 2) any other then existing Rate. In the event Lessee makes a Rate change without the prior written consent of Manager, Lessee shall pay to Manager the difference between the then existing Rate and any lower new Rate. Within thirty (30) days of receiving written notice and appropriate documentation in which Manager seeks a change in a Rate, Lessee shall execute and deliver such documentation to the AAR for the new Rate for the Units such Rate to be that as specified in the written request from Manager.

4. WARRANTIES:

LESSEE ACKNOWLEDGES THAT LESSOR AND MANAGER HAVE MADE NO REPRESENTATION OR WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, WITH RESPECT TO THE CONDITION OR PERFORMANCE OF THE EQUIPMENT, ITS MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, OR WITH RESPECT TO PATENT INFRINGEMENT

OR THE LIKE. LESSOR AND MANAGER SHALL HAVE NO LIABILITY TO LESSEE FOR ANY CLAIM, LOSS OR DAMAGE OF ANY KIND OR NATURE WHATSOEVER INCLUDING THE ACTIVE OR PASSIVE NEGLIGENCE OR STRICT LIABILITY OF LESSOR OR MANAGER, NOR SHALL THERE BE ANY ABATEMENT OF RENTAL, FOR ANY REASON INCLUDING CLAIMS ARISING OUT OF OR IN CONNECTION WITH (i) THE DEFICIENCY OR INADEQUACY OF THE EQUIPMENT FOR ANY PURPOSE, WHETHER OR NOT KNOWN OR DISCLOSED TO LESSOR OR MANAGER, (ii) ANY DEFICIENCY OR DEFECT IN THE EQUIPMENT, (iii) THE USE OR PERFORMANCE OF THE EQUIPMENT, OR (iv) ANY LOSS OF BUSINESS OR OTHER CONSEQUENTIAL LOSS OF DAMAGE WHETHER OR NOT RESULTING FROM ANY OF THE FOREGOING.

5. DELIVERY AND ACCEPTANCE OF THE UNITS:

(a) Lessee has approved the description and quantity of the items of railroad rolling stock as set forth in Exhibit A of this Master Equipment Lease Agreement. Those items of rolling stock shall become Units subject to the Lease pursuant to Section 1 hereof and this Section 5.

(b) The Delivery Date for any Unit is the date that Manager notifies Lessee that a item of rolling stock is available for Lessee's inspection and acceptance hereunder, provided that the item(s) of rolling stock is consistent with the description of such Unit as set forth in Exhibit A, Lessee shall accept delivery of same as a Unit, and such acceptance shall be in writing to Manager. If Lessee shall fail to so notify Manager of Lessee's acceptance or to specify the nonconformity of the item of rolling stock with the description in Exhibit A tendered for delivery to and acceptance by Lessee, before the close of business on the third business day after the item of rolling stock was available for Lessee's inspection pursuant to Manager's notice to Lessee, Manager may deem such item of rolling stock to have been approved and accepted by Lessee hereunder. The Acceptance Date for any Unit shall be the earlier of (i) the signed acceptance by Lessee or (ii) Lessee's deemed acceptance as described above. Manager shall not deliver a Unit or Unit(s) if the delivery of such Unit(s) would cause the level of Payments for all Units of the same type to drop below the Base Rental for such Units.

(c) The delivery of the rolling stock shall be at the time and location indicated on each Schedule, or as otherwise agreed to in writing by the parties. Manager shall bear all costs of having the rolling stock delivered to the location.

(d) Manager shall inspect or otherwise verify that the item(s) of rolling stock tendered to Lessee for inspection and acceptance is an item of rolling stock within the description set forth on Exhibit A. Notice of Manager's inspection or other verification by Manager shall be made in writing to Lessee on or prior to the date Manager tenders the items of rolling stock for Lessee's inspection and acceptance as provided above.

(e) Upon the Acceptance Date and for the balance of the term of the Lease, Lessee shall, if the Units are located on Lessee's track, be responsible for placing each Unit for loading into revenue earning service

as soon as reasonably possible. Absent any instructions to the contrary from Lessee, Manager at Manager's expense, on behalf of Lessee, may place each Unit for loading into revenue earning service as soon after the Acceptance Date for such Unit as is commercially reasonable and Manager will continue to do so for the balance of the term of the Lease for such Unit. Manager shall in that event have full discretion as to where such Unit is placed and to what destination it is originally and thereafter directed. Prior to the Acceptance Date, if Lessee shall so direct, Manager shall place such Unit for loading at a location of Lessee's designation within 150 miles of where such Unit was located on the Delivery Date. If, during the term of the Lease, Lessee shall direct Manager to move such Unit unloaded to any location, Manager shall do so as soon as is reasonably and conveniently possible; and Lessee shall bear all costs, if any, of such movement and shall pay to Manager any revenues not earned as a consequence thereof. Unless Lessee can otherwise demonstrate, such lost revenues shall be presumed to be equal to Minimum Base Rental (as hereinafter defined) and shall be paid by Lessee prior to Manager commencing the directed movement.

(f) Lessee agrees not to lease or otherwise acquire any items of railroad rolling stock that are capable of supplanting the Units (or if an item on Exhibit A is not yet delivered to Lessee, then that item) or if such leasing or acquisition result in a reduction of Payments (as hereinafter defined) for all Units (or if an item on Exhibit A is not yet delivered to Lessee, then that item) to a level that is less than Minimum Base Rental.

6. USE OF EQUIPMENT:

A. Priority During the term of the Lease, Lessee shall place the Equipment which is located on its tracks or sidings for loading into revenue earning service prior to any items of the same AAR mechanical designation of railroad rolling stock not subject to a Schedule.

B. If Lessee shall fail to provide to any Unit the priority required by the foregoing subsection (a), and, as a result thereof, such Unit shall not enter into revenue earning service for 7 consecutive days after such Unit shall have returned unloaded to Lessee's railroad tracks in serviceable conditions, Manager may terminate the Lease in whole or part, and in any event shall be entitled to receive from Lessee, as additional Base Rental, an amount equal to the Payments which would have been earned with respect to such Unit had such Unit been in revenue earning service for the entire period such Unit was not in such service (in determining such amount, Manager shall be entitled to assume the loss of revenue to be equal to the then applicable Car Hire Compensation as specified by the ICC.)

C. Termination If at any time during a Rental Period, a Unit of Equipment will be unable, under any circumstances, (except when a Unit is not available for service due to damage) to earn sufficient Payments to equal the Base Rental for such Unit for such Rental Period, or if for

the preceding Rental Period such Unit did not earn sufficient payments to equal the Base Rental for such Unit for such Rental Period, Manager, at its option and upon 24 hours' prior written notice, may terminate this Lease as to any or all of the Units of that type unless Lessee shall deposit with Manager a sum sufficient to insure that the Minimum Base Rental for such Unit for such Rental Period and the following Rental Period shall be received.

D. Interchange Inspections. Lessee shall inspect each Unit at the time such Unit is interchanged to Lessee's railroad line, shall advise Manager of all damage or loss with respect to such Unit disclosed in such inspection if the same would be required to be reported on a defect card in accordance with the AAR Interchange Agreement (collectively called the "Interchange Rules") and Lessee shall take all action required to be taken by the Interchange Rules, including the filing of a defect card. Lessee shall be liable for all such loss or damage occurring to such Unit (including any loss or damage resulting from a contaminating substance) which Lessee shall fail to record and report in accordance with the Interchange Rules and the AAR Code of Car Service Rules and Interpretations-Freight and any rules, orders, interpretations or other regulations issued thereunder (collectively called the "Car Service Rules") at the time of interchange of such Unit to Lessee.

E. Taxes. Lessee shall file and administer all taxes, assessments and other governmental charges levied or assessed against the Units, this Agreement or Lessee's interest in the Units, or the ownership, operation, use or leasing thereof (and shall pay any fine, interest, penalty or late charge imposed with respect thereto), and shall comply with all state and local laws requiring the filing of tax returns relating thereto but Lessee shall have no obligation to file or pay any net income taxes of Lessor or Manager or any tax, assessment or charge upon Lessor's or Manager's right to engage in business. Manager shall pay or cause to be paid such taxes, provided Lessee has given Manager, within 30 days notice that the same are due such taxes to include all ad valorem taxes assessed on Units and for all other taxes, assessments and governmental charges based upon the value of the Units or the leasing, use or operation thereof (other than taxes, assessments and charges based upon the net income of Lessee or its right to engage in business or any gross receipts, sales or use taxes imposed upon the Payments). Lessee shall have no obligation to pay any sales or use tax imposed upon the delivery of the Units by Lessor unless Lessee shall have directed the location of the initial loading thereof or instructed that the Units or any of them be directed empty to Lessee's line. Lessee shall provide to Manager for review 30 days prior to the date of filing all tax returns for taxes to be reimbursed or paid by Manager, together with all relevant information relating to Lessee operations. Lessee shall also provide to Manager, upon request, all correspondence (including assessments, proposed assessments and tax bills) relating to taxes reimbursable by

Manager. Lessee shall be solely liable for any fines, interest, penalties, late charges or other assessments arising from any incorrect return or any return not provided to Manager as required hereby. Manager or Lessee, by appropriate proceedings, may contest the amount or imposition of any such tax, assessment or governmental charge, at the expense of the person so contesting, so long as the Units shall not become subject to any lien and so long as Manager or Lessee shall not be subject to civil or criminal liability thereby.

F. Other Costs. Manager shall pay all costs of movement of any Unit made at its request, except for any movement made pursuant to Section 12B. Lessee shall pay all other costs, expenses, fees and charges incurred in connection with the use and operation of the Units, except as otherwise provided herein.

G. Manager's Inspection. Manager and Lessor may inspect the Units from time to time during regular business hours upon 24 hours' notice for any reason or no reason, and shall be entitled to enter upon Lessee's premises to accomplish the same, but shall conform to Lessee's requirements as to matters of safety and shall not interfere with Lessee's operations.

H. Alterations. Provided Lessee shall have first obtained the written consent of Lessor, not to be unreasonably withheld, Lessee may, at its own expense, make alterations in or add attachments to the Units, provided such alterations or attachments do not interfere with the normal and satisfactory operation or maintenance of the Units or with Manager's ability to obtain and maintain the maintenance required by Section 7 hereof. During the term of the Lease all such alterations shall be the property of Lessor and Manager; and no liens, encumbrances or interests may be granted by Lessee in such attachments or alterations which would impair Lessor's rights, title and interest in the Equipment. At the option of Lessee (provided Lessee is not in default) or Lessor, Lessee shall, prior to the termination of the Schedule relating to a Unit and at its sole expense, remove such alterations and attachments and restore the Units to their original condition, reasonable wear and tear excepted.

I. Use. Lessee covenants and agrees that the Units shall at all times be used (i) in conformity with the Interchange Rules; (ii) in compliance with the terms and provisions of this Agreement; (iii) primarily within the continental limits of the United States of America; (iv) so as not to cause the loss of or damage to any commodities or any part thereof loaded on or shipped in a Unit or Units; and (v) with loads on a Unit not exceeding any load limit that may be stenciled on such Unit.

7. MAINTENANCE; INSURANCE; LOSS, DAMAGE OR DESTRUCTION; ALTERATIONS:

A. Maintenance. Manager, at its cost, shall have the responsibility of maintaining or causing to be maintained the Equipment in a safe

condition such that each Unit shall be in a condition to continue in service under the Interchange Rules, including the making of all necessary repairs or replacement of parts for such purpose; but Lessee, at its expense and during the time any Unit shall be on the railroad tracks of Lessee, shall have the responsibility of performing (i) regular maintenance functions as such term is used in the Office Manual of the Interchange Rules necessary to insure the daily use of the Unit and (ii) repairing any damage to the Units which occurs to the Units when same are located on Lessee's tracks. In all events and at Manager's request, Lessee shall perform any other necessary maintenance and repairs, within its capabilities, to Units on Lessee's railroad tracks, and Manager shall reimburse Lessee therefor at a rate to be agreed upon, but in any event not greater than the rate therefor established by the then applicable Office Manual of the Interchange Rules (AAR Mechanical Division). Lessee shall perform all inspections of the Units that shall be required by law or would be required by standard railroad industry practice and shall inform Manager of all damage or unsatisfactory conditions disclosed. Lessee may make running repairs on any Unit to permit its continued immediate use and such repairs may be made without the consent of or notice to Manager; but if Lessee shall otherwise make any repairs, alterations, modifications, improvements, additions or replacement of parts to any Unit without Manager's prior written consent, not to be unreasonably withheld, Manager, in addition to its other rights hereunder (including its right to terminate this Lease), shall be entitled to receive from Lessee, as additional rentals, an amount equal to the Payments which would have been earned with respect to such Unit as though such Unit were in the possession and use of another railroad for the entire period such Unit was undergoing such repairs, alterations, modifications, improvements, additions or replacements. All repairs alterations, modifications, improvements, additions and replacements shall be the property of Owner as set forth in Section 6(h).

B. Insurance. From the Acceptance Date and during the term of the Lease, Lessee shall procure and maintain all risk insurance against physical loss, damage or destruction of the Units while same are located on Lessee's railroad tracks or in Lessee's possession or control. Such insurance shall be in an amount equal to the full replacement value of the Units such value being that calculated in accordance with the Stipulated Loss Value. Lessee shall also procure and maintain liability insurance with respect to the Units against death, bodily injury and property damage pursuant to a liability policy in an amount satisfactory to Manager and Lessor. All such insurance shall be written by insurers reasonably satisfactory to Manager and shall specify Lessor, Manager and Lessee as named insured thereunder, as their interests may appear. If requested by Manager, all such risk insurance shall provide for loss payable to Lessor's assignee or mortgagee. No such insurance shall be subject to cancellation or material change in coverage for any reason without 30 days prior notice to Manager and Lessor's assignee or mortgagee. On the date of execution and delivery of each Schedule and annually thereafter, Lessee shall furnish Manager with certificates

of insurance reasonably satisfactory to Manager evidencing that such insurance is in effect. If Lessee shall fail to procure or maintain such insurance or to pay the premium therefor, Manager may obtain such insurance and Lessee shall reimburse Manager for the cost and expense thereof with interest at the rate which is the greater of (i) the "prime rate" of Citibank of New York plus 1% and (ii) 18% per annum from the date such insurance was obtained until the date of such reimbursement.

Lessee does not have the obligation to obtain insurance (for itself or Lessor) to cover the Units against any risk while the Units are located on tracks other than Lessee's.

C. Loss, Damage or Destruction. Lessee shall be liable for any loss, damage or destruction of any Unit while on Lessee's railroad tracks or on the tracks or in the possession of a party which is not an AAR member but who has a spur track or a connecting track with Lessee or in Lessee's possession or control. If a Unit shall be reported to Manager to be destroyed or badly damaged pursuant to the Interchange Rules, regardless of the location of the Unit at the time of destruction, then, (i) in the case of a settlement with respect to the value of such Unit, Manager and not Lessee shall be entitled to all payments due as a result thereof pursuant to said rules, and Lessee's interest in such Unit shall thereafter be terminated as of the date of the settlement relating to such damage; and (ii) Lessee shall be entitled to relief from Base Rental as to such Unit from and after the time such Unit is not in service following the damage or destruction of the Unit. Total destruction shall terminate the Lease as to any Unit affected.

Following a total destruction of a Unit, Manager may elect to deliver to Lessee a replacement item of railroad rolling stock and upon delivery, such item shall become a Unit subject to this Lease.

Lessee shall notify Manager promptly after the occurrence of any such loss, damage or destruction of any Unit or any death, bodily injury or property damage occasioned or alleged to be caused by any Unit when located on Lessee's tracks and shall file reports with Manager within 60 days of such occurrence. In the case of any such loss, damage, destruction, death, bodily injury or property damage, such reports shall be filed in accordance with the Interchange Rules.

D. Alterations by Manager. If any Unit shall be required to be altered to comply with any change in governmental or AAR requirements, Manager shall have the right, in its sole discretion, to either make such alteration at its sole cost and expense or to terminate this Agreement with respect to such Unit. If Manager shall determine that such alteration is to be made, such Unit shall be deemed to be not subject to payment of Base Rental or to payment of Lessee's Monthly Advance or Lessee's Share during the time such alteration is being made. If Lessee shall request that any Unit be altered (including any alteration due to a change in governmental or AAR requirements which Manager has elected not

to make), Manager shall be required to permit such alteration if (i) Lessee shall bear the entire cost thereof, (ii) Lessor shall consent to such alteration (iii) such alteration creates no lien or against the Unit or this Agreement and (iv) Lessee pays to Manager an amount equal to what would have been the payments obtained by Manager in connection with such Unit for the period of time required by the alteration.

8. MARKINGS; REGISTRATION; RECORD KEEPING; MONITORING; REPORTS:

A. Markings. Prior to acceptance by Lessee of any Unit pursuant to Section 5 hereof, Manager will, at Lessee's expense, cause such Unit to be lettered with the railroad markings of Lessee provided such name and insignia comply with applicable regulations and such markings do not jeopardize Lessor's or its assignee's interest in the Equipment. Manager may also mark such Unit in such manner as it shall deem necessary to (i) indicate that Manager is the manager of the Unit and (ii) protect Lessor's rights as owner of such Unit or as may be required in connection with any financing of such Unit. Lessee shall not alter any marking on any Unit without the prior written consent of Manager which consent shall not be unreasonably withheld.

B. Registration. Manager will cause the Equipment to be registered in the Official Railway Equipment Register and in the Universal Machine Language Equipment Register. Manager will prepare for Lessee's signature all documents relating to registration, maintenance and record keeping functions involving the Equipment, including appropriate AAR documents and reports required by the ICC or any other regulatory agency. Manager, at Lessee's request and subject to approval by Manager not to be unreasonably withheld, shall prepare for Lessee's signature all documents necessary to apply for an AAR Car Service Directive that will mandate the return of Units of a certain type to Lessee's railroad lines.

C. Record Keeping. Manager will perform all record keeping function, including car hire accounting, related to the use of the Units by Lessee and other railroads in accordance with the Car Hire Rules, the Car Service Rules and the Interchange Rules. Lessee shall supply Manager with any and all records related to the Equipment (including, without limitation, repair and maintenance bills) which are produced by it or received from AAR or any other Agency (or entity) in such format as Manager may reasonably specify. Manager may modify such format upon thirty days' prior written notice. Correspondence from railroads using such Units shall be addressed to Lessee at such address as Manager shall select. All records kept by Manager hereunder will be separately maintained and shall be available for inspection and audit by Lessee during regular business hours. As long as this Agreement shall be in effect, Lessee shall not interfere in any way with the duties of Manager described in this paragraph; in particular, Lessee shall not interfere with the submission of drafts to Manager.

D. Monitoring. Lessee shall be responsible for and Manager will assist in monitoring car movements of any Unit which is traveling on any railroad line including that of Lessee. Manager shall have the right to conduct spot audits during regular business hours of Lessee's interchange records relating to the Units or items of railroad rolling stock not subject to this Lease.

E. Reports. Lessee shall supply Manager with such reports regarding the use of the Units by Lessee as Manager may reasonably request, including telephone reports at reasonable intervals as to Units on Lessee's tracks, loading information of all items of rolling stock on Lessee's track, and any other information that Manager may request in connection with the management of the Units. To the extent that Lessee has the same available, Lessee shall furnish Manager access to its Car Hire Exchange computer tapes, its Train II computer tapes, and any computer or other programs and information including interchange reports that may supplement or supplant such tapes.

9. REPRESENTATIONS AND WARRANTIES; FINANCIAL STATEMENTS:

A. Representations and Warranties. Lessee represents and warrants that:

(1) Lessee is a corporation duly organized, validly existing and in good standing under the laws of the state of its incorporation, and has the corporate power and authority, and is duly qualified and authorized to do business wherever necessary, to carry out its present business and operations, to own or hold under lease its properties and to perform its obligations under this Agreement;

(2) The execution, delivery and performance of this Agreement does not violate any judgment, order, law or regulation applicable to lessee, or result in a breach of , or constitute a default under, or result in the creation of any lien or encumbrance upon any assets of Lessee or on the Units pursuant to, any instrument to which Lessee is a party or by which it may be bound;

(3) There is no action or proceeding pending or threatened against Lessee before any court or administrative agency or other governmental body which might result in any material adverse change in the business, properties, assets, or condition, financial or otherwise, of Lessee; and

(4) There is no fact which Lessee has not disclosed to Manager in writing, nor is Lessee a party to any agreement or instrument or subject to any charter or other corporate restriction, which, so far as

Lessee can now reasonably foresee, will individually or in the aggregate materially and adversely affect the business, condition or any material portion of the properties of Lessee or the ability of Lessee to perform its obligations under this Agreement.

B. Financial Reports. Lessee, promptly upon their becoming available and in any event within 30 days thereafter, shall furnish to Manager a copy of its annual report submitted to the ICC or to Lessee's shareholders, and copies of any other income statements and balance sheets required to be submitted to the ICC or Lessee's shareholders.

10. LIENS; ATTACHMENTS; SUBORDINATION:

A. Liens; Attachments. Lessee shall not directly or indirectly create, incur, assume, or suffer to exist any mortgage, pledge, lien, charge, encumbrance or other security interest or attachment or claim on or with respect to the Units or its interest in the Units or in this Agreement. Lessee will promptly notify Manager of the existence of any such mortgage, pledge, lien, charge, encumbrance, security interest, attachment or claim and will promptly cause it to be discharged.

B. Abandonment of Line by Lessee. In the event that Lessee desires to abandon the railroad track upon which it operates its railroad company (and does not substitute another line therefor), Lessee shall give Manager written notice at the same time that Lessee gives notice to parties serviced by its railroad track in accordance with applicable law.

C. Subordination. NOTWITHSTANDING ANYTHING CONTAINED HEREIN OR THE SCHEDULES TO THE CONTRARY, Lessee's rights under this Agreement are subject and subordinate to the rights of the Lessor and any secured party under any financing agreement executed and delivered by Lessor in connection with the acquisition, ownership or other financing of the Units. Upon notice to Lessee from Lessor or such secured party that an event of default is continuing under such financing agreement or relating to Lessor, such party shall have the right to delivery of the Units to such party.

D. Substitution. Lessee acknowledges and agrees that Manager has obtained the Units pursuant to an agreement between Manager and Lessor, and that Manager may from time to time elect or be required to return the Units to Lessor. In the event that the return of a Unit to Lessor is permanent, Manager shall arrange that such return is accomplished following reasonable notice to Lessee, and Manager will, before taking such Unit from control of Lessee, locate and deliver to Lessee at Sturgis, Kentucky, an essentially similar item of railroad rolling stock. Upon return to Lessor, hereunder, such Unit shall cease to be subject to this Agreement. In the event that the return to the Lessor is not permanent, Manager will, before taking such Unit from control of Lessee,

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locate and deliver to Lessee at Sturgis, Kentucky, a temporary replacement for the Unit with an essentially similar item of railroad rolling stock. During the period that the Unit is unavailable to Lessee such Unit shall be deleted from this Agreement but shall upon redelivery to Lessee by Manager become subject to this Agreement.

E. Cure of Manager's Default. In the event that Manager is in default in an agreement with Lessor or its assignees regarding the Units, and as a consequence of such default, such lessor or its assignees demand the Units to be returned, Lessee may, upon curing the default of Manager, retain possession of the Units. All sums due Manager in connection with such Unit shall be paid to Lessee until Lessee has been reimbursed the sums paid by it to cure the default of Manager.

11. LESSEE'S INDEMNITIES:

A. General. Lessee will defend, indemnify and hold Lessor and Manager harmless from and against any claim, cause of action, damage, liability, cost or expense to which Lessor or Manager may be subject and which is attributable to (i) defects in material incorporated into the Units by Lessee; (ii) defects in workmanship performed on the Units by Lessee; (iii) any failure of Lessee to record and report damage to any Unit upon interchange thereof in accordance with Section 7; (iv) any loss, damage or destruction other than as may be caused by Manager or Lessor to any Unit while such Unit is on Lessee's railroad line or on the tracks, or in the possession of a party which is not an AAR member but who has spur track or connecting track to Lessee or in Lessee's possession or control; (v) Lessee's failure to keep adequate records regarding the use, possession, registration, maintenance or location of the units and (vi) any breach of any other obligation of Lessee in this Agreement.

B. Lessor's Tax Benefits. Lessee acknowledges that Lessor shall be entitled to claim for federal income tax purposes investment tax credit on the total cost of the Equipment as new "section 38 property" with respect to the Equipment on the Schedule (hereinafter called "Investment Tax Credit"), deductions ("Depreciation Deductions") on Lessor's cost of the Equipment for each of its tax years during the term of this Lease under any method of depreciation permitted by Section 167 or accelerated cost recovery deductions permitted by Section 168 of the Internal Revenue Code of 1954, as amended (hereinafter called the "Code"), and interest deductions (hereinafter called "Interest Deductions") as permitted by the Code on the aggregate interest paid to any lender which may be the assignee of this Lease for financing purposes. Lessee agrees to take no action inconsistent with the foregoing or which would result in the loss, disallowance, recapture or unavailability to Lessor of Investment Tax Credit, Depreciation Deductions or Interest Deductions. Lessee hereby indemnifies Lessor, its successors, assigns and affiliates from and against (a) any loss, disallowance, unavailability or recapture of Investment Tax Credit, Depreciation Deductions or Interest

Deductions resulting from any action, statement, or failure to act of Lessee upon notice by the Manager or Lessor during the term of this Lease, plus (b) all interest, penalties, or additions to tax resulting from such loss, disallowance, unavailability or recapture.

12. DEFAULT:

A. Events of Default. Any of the following events shall be an event of default:

(1) Failure of Lessee to pay any rentals paid directly to Lessee or other obligations required to be paid by Lessee hereunder within ten (10) days after the due date thereof and such failure is not cured within five (5) business days following notice by Manager or Lessor.

(2) Receipt by Lessee of any Payment earned with respect to any Unit and failure of Lessee to pay the same to Manager within ten (10) days following the obtaining of actual knowledge by an officer of Lessee of such failure to pay.

(3) Willful violation by Lessee of its covenants set forth in Section 6A.

(4) Breach by Lessee of any other term, covenant or condition of this Agreement which is not cured within sixty (60) days after notice by Manager of such breach.

(5) Any representation or warranty of Lessee contained herein being incorrect or misleading in any material respect at the time the same was made.

(6) Any act of insolvency by Lessee, or filing by Lessee of any petition or action under any bankruptcy, reorganization or insolvency law, or under any other similar law.

(7) Filing against Lessee of any involuntary petition under any bankruptcy, reorganization or insolvency law or under any other similar law, or the appointment of a receiver or trustee to take possession of any properties of Lessee, unless such petition or appointment ceases to be in effect within 60 days after the date of said filing or appointment.

(8) Subjection of any properties of Lessee to levy, seizure, assignment, application or sale for or by any creditor or governmental agency.

(9) Lessee's condition, financial or otherwise, being such that Lessee shall be unable to fulfill its obligations hereunder, and failure by Lessee to provide security therefor reasonably satisfactory to Manager within five (5) days after demand by Manager.

B. Remedies.

(1) Upon the occurrence of any event of default, Manager, at its option, may

(a) proceed by appropriate court action or actions, either at law or in equity, to enforce performance by Lessee of this Agreement or to recover damages for the breach thereof; or

(b) by notice to Lessee terminate this Agreement as to any or all units, whereupon all right of Lessee to use the Units shall forthwith terminate, but Lessee shall remain liable as hereinafter provided. Upon such termination, Manager may enter upon and take possession of all or any of the Units and henceforth hold, possess and enjoy the same free from any rights of Lessee to use such Units for any purpose whatever (Manager shall have the right to sell or release such Units or any thereof upon terms satisfactory to Manager and Lessor and, in connection therewith, to transport such Units to a location in the continental United States designated by the prospective purchaser or lessee, all at the cost and expense of Lessee); and Manager shall have the right to recover from Lessee forthwith, the foregoing notwithstanding, (i) all amounts which may be then due or which may become due under this Agreement, including the Base Rental and all other Rentals becoming due after the date of default until the date of termination of the term of this Agreement as provided in this subsection (b) and all costs involved in repairing, repainting and transporting such Units pursuant to this Section and Section 13; (ii) as damages for loss of the bargain and not as a penalty, a sum equal to the total of the Minimum Base Rental for the remainder of the term of this Agreement determined as if the term of this Agreement had not been terminated, discounted from the date on which the same is payable to the date of such termination at the rate of 12% per annum; and (iii) any other damages or expenses, including reasonable attorneys' fees, which Lessor or Manager shall have sustained by reason of the breach of this Agreement.

The remedies in this Section 12B shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies existing under this Agreement or at law or in equity.

(2) Notwithstanding the foregoing, if there shall occur an event of default described in the foregoing Subsection A, Lessor or Manager, in addition to any other right or remedy it may have hereunder, shall have the right, upon 24 hours' notice, to terminate this Agreement as to all Units of Equipment, or any portion thereof that Lessor or

Manager may determine in their sole discretion, or to have any or all thereof shipped to one or more locations as Manager shall designate, the costs of which shall be paid by Lessee. In lieu thereof, if the event by Lessee. In lieu thereof, if the event of default is Section 12A (1) or (3), Lessee may deposit with Manager a sum sufficient to insure that the unpaid Base Rental for such Units for previous Rental Periods is paid and that the Minimum Base Rental for the next Rental Period is paid.

(3) Abandonment by Lessee of the railroad track upon which it operates its railroad company pursuant to Section 10.B shall not constitute an event of default hereunder.

13. EXPIRATION OR TERMINATION:

Upon the expiration or termination of the term of a Schedule with respect to any Unit of Equipment, Lessee, at its expense, shall cause each Unit returned to Manager to be in AAR interchange condition. Within five (5) days after completion of such restoration necessary to place any Unit in AAR interchange condition or expiration or termination of the term hereof, as the case may be, Lessee, at Lessor's and Manager's expense, shall remove its railroad markings from such Unit, repaint such Unit and place thereon such markings, names and insignia as Manager may designate. All of such work shall be accomplished in a good and workman-like manner reasonably acceptable to Manager. The rentals and other obligations of Lessee with respect to such Unit shall end as of the close of the business day upon which such work is completed, except for obligations, actual or contingent, which arose on or prior to the close of such business day, and except that in the case of a termination by reason of an event of default Lessee shall remain liable as provided in Section 12B(1) and in this Section. Thereafter, Lessee shall deliver such Unit to Manager as follows: (i) if the place where the work required by this Section shall have been accomplished shall be on the railroad line of Lessee, Lessee, at its expense, shall either use its best efforts to place such Unit for loading with freight and deliver such Unit to a connecting carrier for shipment as quickly as possible; or, if Manager shall so request, Lessee shall store such Unit on Lessee's railroad tracks for up to 60 days after completion of such work, without cost to Manager or Lessor or any lessee thereof, and thereafter direct such Unit as requested by Manager at Manager's and Lessor's expense; or if Manager shall so request, Lessee shall either direct such Unit as requested by Manager at Manager's and Lessor's expense or make such Unit available to Manager on Lessee's line at an interchange selected by Manager at Lessee's expense; or (ii) if the place where such work shall have been accomplished shall be on railroad lines other than that of Lessee, Lessee shall deliver such Unit, or cause the same to be delivered, to Manager at a place selected by Manager and at Manager's and Lessor's expense. Notwithstanding the foregoing, if the term of this Agreement with respect to any Unit shall have terminated by reason of an event of default hereunder, Lessee shall be liable for all costs and expenses set forth in

this Section with respect to such Unit. The termination of this Agreement by Manager with respect to any Unit shall not constitute or require a termination of this Agreement with respect to any other Unit.

14. MISCELLANEOUS:

A. Force Majeure. Except for Lessee's obligation to pay rent, which is absolute and unconditional, and except for Manager's obligations under Section 10.D of this Agreement, no party shall be liable for any breach of this Agreement if such breach shall have been caused solely and directly by an act of God or any unforeseeable or extraordinary act of any governmental authority or any other cause wholly without the control of such party, except that this provision shall not prevent Manager from exercising its rights to terminate this Agreement pursuant to Section 12B(2).

B. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that Lessee may not, without the consent of Manager, not to be unreasonably withheld, (i) assign this Agreement or any of Lessee's rights hereunder or (ii) sublease the Units to any party. Any such purported assignment or sublease in violation hereof shall be void. Lessor may assign its interests in this Agreement and in any Units here under to any one or more separate assignees without the consent of Lessee. Further, Manager may delegate to a third party any or all the obligations, duties or responsibilities it may have under this agreement, provided such delegation is accompanied by written notice thereof to Lessee.

C. Further Assurances. Manager and Lessee agree to execute all documents contemplated by this Agreement including all Schedules in the form of Exhibit B that are submitted to it by Manager from time to time and such other documents as may be required in the performance of this agreement and to confirm the subordination of Lessee's rights contained in Section 10C.

D. No Waiver. No failure or delay by Manager shall constitute a waiver or otherwise affect or impair any right, power or remedy available to Manager or Lessor; nor shall any waiver or indulgence by Manager, or any partial or single exercise of any right, power or remedy by Manager, preclude any other or further exercise thereof or the exercise of any other right, power or remedy by Manager or Owner.

E. Governing Law. This Agreement shall be governed by and construed according to the laws of the State of Illinois.

F. Notices. All notices, approvals and consents hereunder shall be in writing and shall be deemed received when delivered personally or

when deposited in the United States mail, postage prepaid, certified or registered mail, if to Lessee addressed to the President of Lessee at its address set forth above, or, if to Manager or Lessor addressed to the President of Manager or Lessor at their address set forth above or in the Schedule, or to such other address as the party to whom such notice, consent or approval is to be given has specified to the other party by ten (10) day's notice.

G. Attachments. The Car Hire Rules and Car Service Rules are attached hereto as Exhibit "C" and made a part hereof. The following addenda are attached hereto as Schedule 2 and made a part of this Agreement:

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their officers thereunto duly authorized as of the date first above written.

Manager: CIS Equipment Leasing
Corporation .

By: [Signature]

Title: Vice President

Lessee: Tradewater Railway Company

By: [Signature]

Title: Acting President

RB

EXHIBIT A

Leased Items of Railroad Rolling Stock

<u>Designation</u>	<u>Qty.</u>	<u>Description</u>
XM	100	General Purpose, 50-ft., 70-ton boxcars
LO	200	4,750 cu. ft. covered hoppers
GB	75	Mill-type 50-ft. gondolas
HT	560	Coal cars for unit train operation
HT	50	General purpose coal cars
HT	100	Aggregate cars for limestone service
Dry Van	200	45-ft. dry van TOFC trailers

Detailed specifications, dimensions and car numbers will be shown on each Schedule as the units are delivered and will be approved in advance by Lessee.

EXHIBIT B

THIS SCHEDULE IS RESTATED IN ITS ENTIRETY
AND DATED AS OF _____, 198__ ("SCHEDULE")
BETWEEN CIS EQUIPMENT LEASING CORP. ("MANAGER"), AND
TRADEWATER RAILWAY COMPANY ("LESSEE")

THIS IS COPY #___ OF ___ ORIGINALS EXECUTED

PURSUANT TO THE TERMS AND CONDITIONS OF THE MASTER LEASE AGREEMENT ATTACHED HERETO AS EXHIBIT A AND INCORPORATED HEREIN BY REFERENCE, LESSEE AGREES TO LEASE THE BELOW-DESCRIBED EQUIPMENT (HEREINAFTER CALLED THE "EQUIPMENT") FROM MANAGER, ITS SUCCESSORS OR ASSIGNS, AND MANAGER, BY ACCEPTANCE OF THIS SCHEDULE, AGREES TO LEASE THE EQUIPMENT TO LESSEE, ON THE TERMS SET FORTH IN THIS SCHEDULE. CONSISTENT WITH THE TERMS AND CONDITIONS, LESSEE'S OBLIGATIONS THEREUNDER AS TO EACH UNIT OF EQUIPMENT SHALL COMMENCE NO LATER THAN THE DELIVERY OF EACH UNIT OF EQUIPMENT.

(Exhibit A) Master Equipment Lease Agreement Dated as of 1-28-82 (the "Lease")
This Schedule Ref. No.:

A. Equipment:

AAR		Interior Dimensions			
Mechanical					
<u>Designation</u>	<u>AAR CODE</u>	<u>Description</u>	<u>Length</u>	<u>Width</u>	<u>Height</u>

B. Base Term: _____.

C. Stipulated Loss Value will be in accordance with the then applicable AAR Settlement Value as detailed in the Office Manual of the AAR Interchange Rules. (AAR Mechanical Division).

D. The Lessor of the Units is _____.

In witness thereof, Lessee and Manager have executed this Schedule as of the date first written above.

MANAGER/CIS Equipment Leasing Corp.

Lessee: _____

By _____

By: _____

Name: Stephen C. Bieneman

Title: _____

Title: Vice President

Name: _____

AB

SCHEDULE 7LEASED ITEMS OF RAILROAD ROLLING STOCK

<u>DESIGNATION</u>	<u>DESCRIPTION</u>	<u>QUANTITY</u>	<u>CAR NUMBERS</u>
HT	100 ton, 3418 cubic foot, triple pocket, open top hopper cars. Remanufactured (Rule 88) by Bethlehem Steel Freight Car Division, 1988	275	TWRY 5000-5114 (inclusive) TWRY 10,000- 10,159 (inclusive)

Permitted Lading use - coal

Approved as per the Amended and Restated Mater Equipment Lease Agreement dated January 28, 1982.

LESSOR: HELM FINANCIAL CORPORATION

TRADEWATER RAILWAY COMPANY

By: [Signature]

By: [Signature]

Title: Executive Vice President

Title: President

Date: 4-27-88

Date: 4/27/88

HELM
FINANCIAL CORPORATION
VIA AIR COURIER

One Embarcadero Center • San Francisco, CA 94111

415/398-4810

March 23, 1987

Mr. William Monarch
President
Tradewater Railway Company
P.O. Box 66
Sturgis, KY 42459

Dear Bill:

It was a pleasure seeing you again last week. Bill and I thank you for taking the time and trouble to meet with us in Evansville.

As we discussed, Evans has agreed to rescind their letter of March 2, 1987 exercising their right to pull the 294 cars due to continued low earnings.

In reaching a new agreement with Evans, Helm has agreed to increase Evans' share of earnings as well as give Evans first priority on revenues to insure these cars will not be pulled. We also had to make an adjustment to December and January earnings to effect this new agreement. This new agreement does not provide for the Tradewater to share in December, 1986 or January, 1987 revenues.

Effective with the service month of February 1987, however, Tradewater's share of per diem revenue will be based on actual offline utilization as follows:

0-72%	No Sharing
72-80%	50% Tradewater, 50% Helm
80-100%	65% Tradewater, 35% Helm

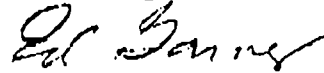
Tradewater should continue to implement operating and planning procedures to insure maximum offline utilization for the Evans cars including scheduling the loading of trains on Friday to insure cars are offline over the weekends; providing additional train service when necessary to expedite the movement of loads off the railroad, and communicating with CSX to expected redelivery of empty cars. Increased utilization will not only guarantee the cars not being pulled, but, based on the sharing schedule described above, Tradewater should increase its earnings significantly.

March 23, 1987
Mr. William Monarch
Page Two

If you are in agreement with the terms stated above please signify by signing in the space provided below and return a signed copy to my office.

Thank you for your cooperation in this matter.

Sincerely,



Edward A. Garvey
Vice President

AGREED AND ACCEPTED

BY: William Monarch

Title: RESIDENT

Date: 4/1/87

EAG:leb

EXHIBIT B

1020/N/3

XEROX TELECOPIER 295 ; 5-17-88; 2:44 PM;

415 398 4816 →

40 ; # 2

FROM HELM FINANCIAL-SFO

5.17.1988 14124

P. 2

HELM
FINANCIAL CORPORATION

One Embarcadero Center • San Francisco, CA 94111

415/398-4810

May 10, 1988

Mr. P. J. Feliot
Vice President - Purchases
Canadian National Railway
935 de La Gauchetiere St. West
Montreal, Quebec H3C 3N4

Attn: R. Grant Butler

Re: Open Top Hopper Quotation

Dear Mr. Feliot:

Helm Financial Corporation is pleased to offer the following:

Owner/Lessor:	Helm Financial Corporation
Equipment:	3420 cubic foot, triple pocket, 100 ton, open top hopper railcars. Remanufactured (Rule 88) by Bethlehem Steel Freight Car Division, 1988.
Quantity:	One hundred sixty (160)
Current Marks:	To be determined; please supply CN marks and we will so instruct Bethlehem.
TERMS	
Rent:	Months 1-60 = \$365.00 (US) per month per car; sixty (60) month minimum.
Options to Renew:	3 - 1 year (12 month) options to renew at \$365.00 (US) per car per month.
Delivery:	Free on Track CSX.
Redelivery:	Mutually agreeable CN Interchange Point.

XEROX TELECOPIER 295 ; 5-17-88; 2:45 PM;

415 398 4816 →

40 ; # 3

FROM HELM FINANCIAL-SFO

5.17.1988 14:25

P. 3

Mr. P. J. Foliot

May 10, 1988

Page Two

Duty:

Helm will pay Canadian duty to domesticate the cars and this will add \$97.50 (US) per month to the first five year term.

Helm continues to reserve these 160 cars for CN until May 13, 1988, after which time they are subject to prior sale or lease.

This proposal is subject to CN Rail Board of Director approval on June 14, 1988. Helm grants the above contingency with the understanding CN will accept cars prior to the board approval on a daily rate and we will strive to a mutually acceptable lease document on that date.

Please advise via return telex or sign the telecopy if you concur with the above terms and conditions.

Sincerely,



William M. Peterson
Executive Vice President

AGREED AND ACCEPTED

By: _____

Title: _____

Company: _____



13 May 1988

Helf Financial Corporation
One Embarcadero Center
San Francisco, CA 94111

Attention: Mr. W. Peterson

Gentlemen:

RE: LEASE PROPOSAL 160 OPEN TOP HOPPER CARS

In reference to your proposal for the lease of up to 160 - 3420 cu.ft. triple pocket 100-ton open top hopper railcars remanufactured (Rule 88) by Bethlehem Steel.

Canadian National Railway accepts your proposal 10 May 1988 subject to the following terms and conditions:

1. Subject to Board Approval and mutually agreeable documentation for a five (5) year net operating lease.
2. Lease Rate - \$365 (U.S.) per car per month.
3. Renewal Options - three (3) one-year options at the renewal rate of \$365 (U.S.) per car per month.
4. Delivery - free on track CSX interchange.
5. Return of cars at lease termination to a mutually agreeable CN interchange point.
6. Cars available June 1988 and CN to pay interim daily rate (based upon \$365 per car per month) up to Board Approval and completion of lease documentation.
7. Maintenance and taxes (including Canadian Federal Withholding Tax) for account of Canadian National.
8. Canadian National to confirm with Lessor process by which cars are to be domesticated.

Purchases and
Materials Management
Canadian National
Box 8100, Montreal, Quebec
H3C 3N4

P.J. Pollet, Vice-President

Achats et
Gestion des stocks
Canadien National
C.P. 8100, Montreal, Québec
H3C 3N4

P.J. Pollet, Vice-président

Reference 4915-143

N/AI.

Helf Financial Corporation


- 2 -

13 May 1988

9. All cars are to be in AAR interchange condition and subject to inspection and acceptance by a CN Mechanical representative.
10. Stencilling to be for account of Lessor. Cars are to be numbered in series CN 328500 to CN 328659.

Please confirm your concurrence with the foregoing at your earliest convenience.

Yours truly,



P.J. Forster
Vice-President

E.J. Biddulph/lh
(514) 399-6848

XEROX TELECOPIER 295 ; 5-17-88; 2:45 PM;

FROM HELM FINANCIAL-SFO

415 398 4816 →

40 ; # 4

5.17.1988 14125

P. 4

HELM
FINANCIAL CORPORATION

VIA TELECOPY

One Embarcadero Center • San Francisco, CA 94111

415/398-4810

May 17, 1988

Mr. P.J. Foliot
Vice President - Purchases
Canadian National Railway
935 de la Gauchetiere Street West
Montreal, Quebec H3C 3N4
Attn: R. Grant Butler

RE: Lease Proposal for 160 open top hoppers

Reference my May 10, 1988 proposal and your May 13, 1988 confirmation.

Helm Financial Corporation concurs with the terms and conditions outlined in your May 13, 1988 letter.

Sincerely,


William M. Peterson
Executive Vice President

WHP:lab

Exhibit C

ASSIGNMENT WITHOUT RECOURSE

This Agreement is entered into as of the 31st day of July, 1985. CIS Equipment Leasing Corporation, a California corporation, having its principal place of business at 909 Montgomery Street, San Francisco, California 94133 ("Assignor") for valuable consideration, the receipt of which is hereby acknowledged, hereby sells, assigns, conveys and transfers to Helm Financial Corporation, a California corporation having its principal place of business at One Embarcadero Center, Suite 3320, San Francisco, California 94111 ("Assignee"), WITHOUT RECOURSE all of the right, title and interest of Assignor in and to that certain Agreement dated April 28, 1982 (the "Agreement") between Assignor and Railcar Management, Inc. ("RMI"), attached hereto as Exhibit A.

Effective July 31, 1985, RMI shall for all purposes treat Assignee as a party to the Agreement and the successor in interest of Assignor and Assignee shall be bound by the terms of the Agreement. Assignor shall have no liability under the Agreement for services performed by RMI after July 31, 1985, with the exception of those services relating to the accounting period prior to May 31, 1985.

Effective July 31, 1985, RMI shall send all notices required under the Agreement to Assignee at the address set forth below:

Helm Financial Corporation
One Embarcadero Center
Suite 3320
San Francisco, CA 94111

Effective July 31, 1985, RMI shall deposit all funds received by it and generated by the operation of the Cars subject to the Agreement into a bank account designated by Assignee in writing.

The Agreement shall be governed by the law of the State of California.

CIS EQUIPMENT LEASING CORPORATION

By 

Its: Signed Vice President

HELM FINANCIAL CORPORATION

By 

Its: Pres.

UNDERSTOOD AND AGREED:

Railcar Management, Inc.
acknowledges the foregoing
assignment and agrees to be
bound by the terms thereof.

RAILCAR MANAGEMENT, INC.

By 

Its: PRESIDENT

EXHIBIT A

AGREEMENT

THIS AGREEMENT is made and entered into this 25th day of April, 1982, by and between RAILCAR MANAGEMENT, INC. ("RMI") and the CIS EQUIPMENT LEASING CORPORATION ("CIS").

RECITALS

CIS has entered into an agreement ("Lease") with the Tradewater Railway Company ("TWR"), a short line railroad in Kentucky, whereby CIS will be the exclusive supplier of rail cars to TWR and CIS will assume the responsibility for all car hire accounting functions. The purpose of this Agreement is to provide an arrangement whereby RMI will provide the record keeping functions as stipulated herein and in the Lease for all railroad freight cars operating under TWR reporting marks, as well as for foreign and private marked cars handled by TWR (hereinafter referred to collectively as the "Cars").

AGREEMENT

In consideration of the mutual covenants and agreements set forth herein, and for other goods and valuable consideration the receipt and adequacy of which is hereby acknowledged, the parties, intended to be legally bound, do agree as follows:

1. TERM.

RMI's accounting activities hereunder shall commence with the first month of the Lease, which is anticipated to be the service month of March, 1982. The term of this Agreement shall be for twelve (12) months commencing March 1, 1982, and, unless terminated as hereinafter provided, shall continue until terminated by either party after the initial twelve month period, upon giving 90 days written notice to the other. All notices relating to this Agreement shall be in writing and sent by Registered or Certified Mail to RMI or CIS at the address set out below or such other addressed as either party may designate in writing from time to time:

If to CIS:

CIS Equipment Leasing Corporation
445 Washington Street
San Francisco, California 94111

If to RMI:

Railcar Management, Inc.
Suite 400
1447 Peachtree Street, N.E.
Atlanta, Georgia 30309

2. CAR HIRE PAYABLE ACCOUNTING

RMI agrees to perform, on a service month basis, the following record keeping functions with respect to foreign railroad and private marked cars handled in revenue service by TWR:

- (a) Preparation of car hire reports in accordance with the AAR Car Hire Rules for each car owner subject to TWR's personnel submitting all of its received and delivered interchanges as well as records relating to on-line movements of such cars;
- (b) Preparation of a monthly History Report which summarizes by car, its receipts, movements and deliveries, as well as a history of the payments for that car;
- (c) Preparation of a Summary Report which summarizes the car hire debits for each foreign and private car owner.
- (d) Preparation of a mileage equalization report as required by the AAR with respect to loaded versus empty miles for tank cars.

The reports set forth above shall be delivered to CIS no later than the 40th day following the end of the service month for which the given report is made.

3. CAR HIRE RECEIVABLE ACCOUNTING

RMI agrees to perform the following record keeping functions and prepare the following reports with respect to all railroad freight cars operating under TWR reporting marks:

- (a) Payee report - This report shows all of the railroads that handle TWR cars during a service month and the number of TWR cars they interchanged.

- (b) **Remittance Summary by Road** - This report summarizes the car hire receivable from each road handling a car. It will include payments on the AAR Car Hire Data Exchange Program as well as payments for those railroads not on the Exchange.
- (c) **Settlement Statement** - This statement reflects all car revenues collected during the month for a series or group of cars, such group or series specified by CIS.
- (d) **Monthly Report of Car Earnings** - This report supports the settlement statement, in that it lists by car the payments received during the month.
- (e) **Car Movement History and Car Hire Received Report** - This report displays all of the junction records and payments received by car for each service month. The system determines the total earned time, summarizes car hire payments from all paying roads, balances total payments against total earned time and flags shortages.
- (f) **Car Hire Discrepancy Claims** - Individual claims for each car will be prepared and filed in accordance with the AAR Car Hire Rules for each railroad for which there is a shortage.

The reports set forth above shall be delivered to CIS no later than the 75th day following the end of the service month for which the given report is made.

4. CAR REPAIR AUDIT

RMI shall audit all charges for repairs for all the railroad freight cars operating under TWR reporting marks including repairs necessitated by ordinary wear and tear, Safety Requirements or the Standards of the Association of American Railroads. Such Audit will include verification that repairs are proper in accordance with the Association of American Railroads' Interchange Rules and will utilize the AAR Price Master File for Car Repair Billings and will take care of any corrected billing that may be required. RMI will recommend action to be taken and assist in routing bad ordered cars to and from repair facilities.

5. PARTICIPATION IN THE AAR EXCHANGE PROGRAMS

RMI will receive car hire allowances for TWR equipment through the Car Hire Exchange and will submit TWR car hire payment data to the Exchange. RMI will not however initially report TWR's received and delivered interchanges to the Association of American Railroads' TRAIN II System until RMI has communication capabilities in operation and then subject to TWR personnel submitting all of their received and delivered interchanges to RMI on a timely basis.

6. BOOKS, RECORDS, AND BANK ACCOUNTS

a. RMI shall perform the cash management with regard to the Car Hire Receivables only. In connection therewith, RMI shall record TWR's car hire accounts through a voucher procedure and there shall be no disbursements of funds without CIS' written approval. While responsible for cash management, RMI shall maintain an account into which RMI shall deposit the funds received by it and generated by the operation of the Cars; only CIS shall be authorized to withdraw funds from this account. RMI shall maintain the account only at a national bank which is acceptable to CIS.

b. RMI shall furnish monthly reports to CIS of the Cars, the earnings and utilization thereof. All records of charges, car hire payments received and correspondence relating to the auditing and record keeping functions performed on behalf of the TWR shall be maintained in a form suitable for inspection and shall be made available to CIS or any agent designated by CIS at a reasonable time during regular business hours.

7. ADVISORY SERVICES

The following advisory services will be available upon request to CIS:

a. Advice and consultation from a car design engineer on the needs of TWR or CIS relative to the size, capacity and design of freight cars to be purchased or leased by TWR or CIS. RMI will be available for discussion and advice in determining that specifications for cars and equipment or appliances thereon conform to the Specifications for Design, Fabrication and Construction of Cars and comply with all other rules of the Interchange of the Association of American Railroads, the Federal Railroad Administration, the Department of Transportation or any other government law, regulation or requirement.

b. RMI further agrees to perform inspections, as requested and at such locations as may be designated by CIS, of damaged and/or destroyed Cars or Cars requiring extensive repairs in accordance with AAR Interchange Rules 107 and 108.

c. RMI agrees to act as agent for and inspect Cars as requested by CIS at reasonable times during initial construction. RMI will perform the inspection of each Car at the manufacturer's site, will accept or reject Cars and execute any and all legal documents associated with the completion and delivery of cars. Documents prepared with respect to cars covered thereby will be evidenced that such Cars conform in workmanship, material, design and construction, and in all respect to the specifications. Records of all inspections will be furnished to the TWR. All inspections will be performed by qualified car inspectors.

d. RMI will assist TWR in the preparation and filing of all documents relating to the registration of the Cars in the Universal Machine Language Register ("UMLR") and the Official Railway Equipment Register.

RMI shall use its best efforts to place in CIS' name such insurance as shall be reasonably available to protect the interest of CIS in the cars, including any insurance against (i) personal liability including property damage and personal injury and (ii) loss of damage to the cars and (iii) loss of earnings resulting from loss or damage covered under the "all risk" physical damage policy.

8. CONFIDENTIALITY OF INFORMATION

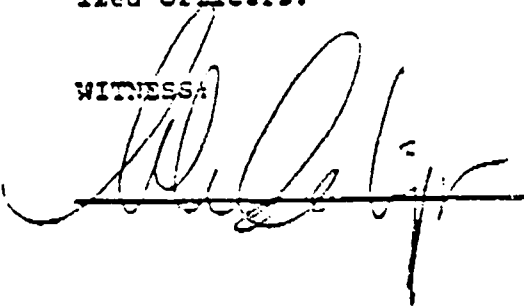
All information relating to TWR, CIS, and the cars shall be treated by RMI in strictest confidence and shall not be disclosed to any person, firm or corporation except as necessary in the handling of car matters with other railroads, freight car owners and car repair shops. Upon termination of this Agreement, all information relating to TWR in possession of RMI shall be delivered to CIS or disposed of as directed by CIS.

9. CHARGES FOR SERVICES PERFORMED

CIS agrees to pay RMI for the record keeping services as set forth in Sections 2, 3, 4, 5 and 6, rendered by RMI hereunder monthly in accordance with the fees set forth on RMI's Schedule of Monthly Fees. CIS shall be notified of any changes in the Schedule of Monthly Fees at least 90 days prior to effectuation of such changes; however there shall be no increase in fees for a minimum of twelve (12) months. The charges for any advisory services will be based on RMI's regular per diem rate plus out-of-pocket expenses. Each month RMI will invoice CIS for charges incurred during the preceding month and CIS will remit payment in full within 30 days from invoice date.

IN WITNESS WHEREOF, the parties have each caused this Agreement to be executed as of the date first above written by the respective duly authorized officers.

WITNESS:



WITNESS:



Equipment 18
CIS LEASING CORP.

By: 

Title: *Vice President*

MAY 5, 1982

RAILCAR MANAGEMENT, INC.

By: 

Title: President

RAILCAR MANAGEMENT, INC. "RMI"
CAR ACCOUNTING RAILROAD SERVICES "CARS"

SCHEDULE OF MONTHLY FEES

Effective March 1, 1981

CAR HIRE RECEIVABLE SYSTEM

Processing Charge per car -

0 to 200 Cars	\$ 2.00
201 to 400 Cars	1.25
401 to 1,000 Cars50
1001 Cars and over25

Per Report Prepared -

Settlement Report For Each Owner/Series of Cars	1.00
Car Hire Discrepancy Claims50

One Time Charge Per Car Added	2.00
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CAR HIRE PAYABLE SYSTEM

Processing Charge Per Foreign or Private Car On Line -

0 to 200 Cars	\$ 1.00
201 to 400 Cars50
401 to 1,000 Cars25
1001 Cars and over10

Per Car Hire and Reclaim Report Prepared	1.00
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REPAIR BILL AUDIT PER CAR IN FLEET

0 to 200 Cars	\$ 1.00
201 to 400 Cars80
401 Cars and over60

CASH MANAGEMENT

Charge Per Month to Collect Car Hire Receivables	\$500.00
Charge Per Month to Settle Car Hire Payables	200.00
Charge Per Check to Pay Repair Bills	4.00

OTHER CHARGES

Data Entered By RMI Per Transaction	\$.20
AAR Data Exchange Programs -	
Car Hire Data (Receivable Only)	Actual Cost
Junction Advices (Receivable Only)	Actual Cost
Postage, UPS, Etc.	Actual Cost